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Subsidiary Financials 2018-19

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Contents

Infosys Technologies (China) Co. Limited

Auditor's Report

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, 2018, 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, 2018, 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 Auditor's 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. Auditor's 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 auditor's 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 auditor's 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 auditor's 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, 2019

The auditor's 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, 2018	As at December 31, 2017
ASSETS			
CURRENT ASSETS			
Cash and bank balances	1	74,259,889.67	96,705,984.42
Accounts receivable	2	233,068,983.43	263,661,629.54
Prepayments		4,429,168.54	2,294,383.02
Other receivables	3	62,873,945.42	64,123,995.99
Other current assets		5,164,474.16	6,398,249.53
Total current assets		379,796,461.22	433,184,242.50
Non-current assets			
Fixed assets	4	6,974,601.62	11,137,530.30
Long-term deferred expenses	5	131,562.18	1,594,897.51
Total non-current assets		7,106,163.80	12,732,427.81
Total assets		386,902,625.02	445,916,670.31
LIABILITIES AND OWNERS' EQUITY			
CURRENT LIABILITIES			
Short-term loans	6	73,397,319.66	69,915,940.00
Accounts payable		65,295,786.37	95,399,302.85
Employee benefits payable	7	29,137,238.94	39,559,844.50
Taxes payable	8	2,668,415.74	2,085,005.03
Other payables		28,544,288.18	31,655,226.21
Other current liabilities		38,183,123.83	54,193,884.20
Total current liabilities		237,226,172.72	292,809,202.79
Total liabilities		237,226,172.72	292,809,202.79
Owners' equity			
Paid in capital	9	398,980,400.00	398,980,400.00
Capital reserve	10	51,575,614.42	51,575,614.42
Accumulated losses		(300,879,562.12)	(297,448,546.90)
Total owners' equity		149,676,452.30	153,107,467.52
Total liabilities and owners' equity		386,902,625.02	445,916,670.31

The accompanying notes form part of the financial statements.

The financial statements on pages 4 to 22 were signed by the following

Stone Zhu
Legal Representative

Subrata Das
Head of Accounting

Statement of Income

In RMB

Particulars	Notes VII	Years ended December 31,	
		2018	2017
Operating income	11	724,792,740.78	953,645,129.10
Less: Operating costs		659,612,655.38	916,186,083.93
Taxes and surcharges		215,597.00	1,463,750.63
Selling expenses		18,762,108.47	25,654,275.46
Administrative expenses		54,914,778.63	90,096,488.02
Financial expenses	12	6,313,939.92	525,119.18
Impairment losses	13	(1,345,863.18)	10,975,748.44
Disposal losses		1,159,943.98	–
Operating loss	16	(14,840,419.42)	(91,256,336.56)
Add: Non-operating income	14	11,409,404.20	12,036,611.35
Loss before taxation		(3,431,015.22)	(79,219,725.21)
Less: Income tax expense	15	–	–
Net loss for the year		(3,431,015.22)	(79,219,725.21)
Other comprehensive loss, net of tax		–	–
Total comprehensive loss for the year		(3,431,015.22)	(79,219,725.21)

The accompanying notes form part of the financial statements.

Statement of Cash Flows

In RMB

Particulars	Notes VII	Years ended December 31, 2018	2017
I.Cash flows from operating activities			
Proceeds from rendering of services		778,797,778.78	1,086,495,678.88
Refund of taxes		384,121.99	862,700.74
Proceeds from other operating activities		16,252,205.79	20,715,009.89
Sub-total of cash inflows		795,434,106.56	1,108,073,389.51
Payment for services		364,224,677.07	268,137,318.61
Payment to and for employees		389,033,327.70	711,460,757.61
Payment of various taxes		10,028,645.48	32,832,454.52
Payment for other operating activities		52,632,736.23	101,422,434.10
Sub-total of cash outflows		815,919,386.48	1,113,852,964.84
Net cash outflow from operating activities	17	(20,485,279.92)	(5,779,575.33)
II.Cash flows from investing activities			
Proceeds from disposal of fixed assets		36,500.00	–
Sub-total of cash inflows		36,500.00	–
Payment for acquisition of fixed assets and other long-term deferred expenses		2,836,044.68	6,412,102.27
Payment for Loan to related parties		–	50,000,000.00
Sub-total of cash outflows		2,836,044.68	56,412,102.27
Net cash outflow from investing activities		(2,799,544.68)	(56,412,102.27)
III.Cash flows from financing activities			
Proceeds from investors		–	103,344,000.00
Sub-total of cash inflows		–	103,344,000.00
Net cash inflow from financing activities		–	103,344,000.00
IV. Effect of exchange rate changes		838,729.85	(3,455,725.82)
V.Net increase in cash and cash equivalents	17	(22,446,094.75)	37,696,596.58
Add: Cash and cash equivalents at the beginning of the year		96,705,984.42	59,009,387.84
VI.Cash and cash equivalents at the end of the year	17	74,259,889.67	96,705,984.42

The accompanying notes form part of the financial statements

Statement of Changes in Owners' Equity

In RMB

	Paid-in capital	Capital reserve	Accumulated losses	Total owners' equity
Balance at January 1, 2018	398,980,400.00	51,575,614.42	(297,448,546.90)	153,107,467.52
Changes in equity during the year				
Total comprehensive income	–	–	(3,431,015.22)	(3,431,015.22)
Owner's contributions	–	–	–	–
Balance at December 31, 2018	398,980,400.00	51,575,614.42	(300,879,562.12)	149,676,452.30
Balance at January 1, 2017	295,636,400.00	51,575,614.42	(218,228,821.69)	128,983,192.73
Changes in equity during the year				
Total comprehensive income	–	–	(79,219,725.21)	(79,219,725.21)
Owner's 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

The accompanying notes form part of 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 & 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, 2018, 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 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

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 reorganization;
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 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
Computer equipment	1-5 years	–	20%-100%
Office equipment	1-5 years	–	20%-100%
Transportation vehicles	5 years	–	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.

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.

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 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 277,501,570.48 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 oversea 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 2017: 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, 2018. 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.

VII. Notes to the Financial Statements

1. Cash and bank balances

In RMB

Particulars	As at December 31,	
	2018	2017
Deposits with banks	74,259,889.67	96,705,984.42

2. Accounts receivable

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

In RMB

Particulars	As at December 31,	
	2018	2017
Amounts due from related parties	48,971,949.97	17,281,358.02
Amounts due from other customers	200,125,026.82	267,941,594.33
Sub-total	249,096,976.79	285,222,952.35
Less: Provision for bad and doubtful debts	(16,027,993.36)	(21,561,322.81)
Total	233,068,983.43	263,661,629.54

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

In RMB, unless otherwise stated

Aging	As at December 31,							
	2018				2017			
	Amount	Ratio %	Bad debt provision	Book value	Amount	Ratio %	Bad debt provision	Book value
Within 1 year	239,421,706.64	96.12	(16,027,993.36)	223,393,713.28	276,668,111.64	97.00	(13,006,482.10)	263,661,629.54
1 to 2 years	9,675,270.15	3.88	-	9,675,270.15	4,171,703.86	1.46	(4,171,703.86)	-
Over 2 years	-	-	-	-	4,383,136.85	1.54	(4,383,136.85)	-
Total	249,096,976.79	100.00	(16,027,993.36)	233,068,983.43	285,222,952.35	100.00	(21,561,322.81)	263,661,629.54

(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,	
	2018	2017
Balance at the beginning of the year	21,561,322.81	11,037,785.94
Provision during the year	16,027,993.36	10,975,748.44
Reversals during the year	(17,373,856.54)	-
Written-off during the year	(4,709,836.00)	(452,211.57)
Foreign exchange fluctuations	522,369.73	-
Balance at the end of the year	16,027,993.36	21,561,322.81

3. Other receivables

The ageing analysis of other receivables is as follows:

In RMB, unless otherwise stated

Aging	As at December 31,							
	2018				2017			
	Amount	Ratio %	Bad debt provision	Book value	Amount	Ratio %	Bad debt provision	Book value
Within 1year	57,093,290.44	90.81	-	57,093,290.44	56,032,752.03	87.38	-	56,032,752.03
1 to 2 years	687,171.46	1.09	-	687,171.46	690,300.00	1.08	-	690,300.00
2-3 years	690,300.00	1.10	-	690,300.00	3,000,000.00	4.68	-	3,000,000.00
Over 3 years	4,403,183.52	7.00	-	4,403,183.52	4,400,943.96	6.86	-	4,400,943.96
Total	62,873,945.42	100.00	-	62,873,945.42	64,123,995.99	100.00	-	64,123,995.99

Note:

Other receivables due within 1 year include RMB 50,000,000.00 loan to Infosys Technologies (Shanghai) Co. Limited in 2018. As at the Balance Sheet date, RMB 4,490,958.91 of interest income has been recognized. More details please refer to Notes VIII. (3) (b).

Other receivables due over 3 years are lease deposits.

4. Fixed assets

In RMB, unless otherwise stated

Particulars	Electronic equipment	Office equipment	Transportation vehicles	Total
Cost				
1 January 2018	96,811,136.89	51,154,354.38	248,000.00	148,213,491.27
Additions during the year	2,792,539.63	43,505.05	-	2,836,044.68
Disposals during the year	(49,424.78)	(965,958.59)	-	(1,015,383.37)
Balance at December 31, 2018	99,554,251.74	50,231,900.84	248,000.00	150,034,152.58
Accumulated depreciation				
1 January 2018	(88,136,270.27)	(48,716,490.70)	(223,200.00)	(137,075,960.97)
Charge for the year	(5,490,516.52)	(841,167.63)	(24,800.00)	(6,356,484.15)
Written-off on disposals	35,057.81	337,836.35	-	372,894.16
Balance at December 31, 2018	(93,591,728.98)	(49,219,821.98)	(248,000.00)	(143,059,550.96)
Carrying amounts				
At 1 January 2018	8,674,866.62	2,437,863.68	24,800.00	11,137,530.30
At December 31, 2018	5,962,522.76	1,012,078.86	-	6,974,601.62

5. Long-term deferred expenses

In RMB

Particulars	As at December 31,	
	2018	2017
Leasehold improvement	131,562.18	1,594,897.51

6. Short-term loans

In RMB

Particulars	As at December 31,	
	2018	2017
Unsecured loans	73,397,319.66	69,915,940.00

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 68,632,000.00), bearing interest per annum at 6.00%. 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 4,765,319.66), bearing interest per annum at 3.50% will become due in December 2019.

7. Employee benefits payable

In RMB

Item	Opening balance	Provision for the year	Payment in the year	Closing balance
Wages or salaries, bonus, allowances, subsidies	39,559,844.50	301,496,830.93	(311,919,436.49)	29,137,238.94
Social security contributions	-	23,211,232.76	(23,211,232.76)	-
Including: Premiums or contributions on medical insurance	-	19,462,987.38	(19,462,987.38)	-
Unemployment insurance	-	1,036,298.84	(1,036,298.84)	-
Maternity and work injury insurance	-	2,711,946.54	(2,711,946.54)	-
Defined contribution plans (Note)	-	34,730,220.45	(34,730,220.45)	-
Housing funds	-	19,172,438.00	(19,172,438.00)	-
Total	39,559,844.50	378,610,722.14	(389,033,327.70)	29,137,238.94

Note: 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,	
	2018	2017
Value-added tax		-
Individual income tax	881,868.94	2,085,005.03
With holding tax	1,786,546.80	-
Total	2,668,415.74	2,085,005.03

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, 2018. The contribution by the investor according to the Articles of Association is as follows:

Particulars	December 31,					
	2018			2017		
	US $	Ratio %	Equivalent to RMB	US $	Ratio %	Equivalent to RMB
Infosys Limited	58,000,000.00	100.00	398,980,400.00	58,000,000.00	100.00	398,980,400.00

10. Capital reserve

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

11. Operating income

In RMB

Particulars	Years ended December 31,	
	2018	2017
Operating income from principal activities		
Rendering of services	724,792,740.78	953,645,129.10
Total	724,792,740.78	953,645,129.10

12. Financial expenses

In RMB

Particulars	Years ended December 31,	
	2018	2017
Interest expenses from loans	4,699,611.57	3,954,096.01
Interest income from deposits	(3,976,873.01)	(2,535,055.66)
Net exchange (gains)/ losses	5,591,201.36	(893,921.17)
Total	6,313,939.92	525,119.18

13. Impairment losses (reversal)

In RMB

Particulars	Years ended December 31,	
	2018	2017
Bad debt losses	(1,345,863.18)	10,975,748.44

14. Non-operating income

In RMB

Particulars	Years ended December 31,	
	2018	2017
Government grants (Refer to Note 1)	11,409,404.19	12,036,611.35
Total	11,409,404.19	12,036,611.35

(1) Government grants

In RMB

Particulars	Years ended December 31,	
	2018	2017
Income tax service charges refund	384,121.99	862,700.74
Government grant for training	68,000.00	7,763,754.00
Subsidy on import and export contract	1,600,000,00	2,590,000.00
Government financing	8,730,000.00	-
Subsidy on job stabilization	627,282.20	641,656.61
Others	-	178,500.00
Total	11,409,404.19	12,036,611.35

15. Income tax expense

In RMB

Particulars	Years ended December 31,	
	2018	2017
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.

15. Income tax expense

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, 2018 amounting to RMB 277,501,570.48 is not recognized. Among the accumulated deductible losses, RMB 17,397,287.70, RMB 41,463,934.32, RMB 54,149,412.24, RMB 135,839,954.14 and RMB 28,650,982.08 will expire in 2019, 2020, 2021, 2022 and 2023 respectively.

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

In RMB

Particulars	2018	2017
Accounting losses	(3,431,015.22)	(79,219,725.21)
Income tax benefit calculated at rate of 15%	(514,652.28)	(11,882,958.78)
Tax effect of non-deductible expenses	269,900.38	215,744.51
Unused deductible loss	4,297,647.31	10,020,852.01
Temporary differences for deferred tax assets		
not recognized	(4,052,895.41)	1,646,362.26
Income tax expense	-	-

16. Supplement to income statement

Expenses in the income statement are analyzed by their nature:

In RMB

Particulars	Years ended December 31,	
	2018	2017
Operating income	724,792,740.78	953,645,129.10
Less: Employee benefits expenses	(378,610,722.14)	(661,675,296.08)
Depreciation and amortization expenses	(7,265,864.71)	(8,836,019.19)
Rental payments	(19,244,133.45)	(19,078,039.45)
Financial expense	(6,313,939.92)	(525,119.18)
Other expenses	(328,198,499.98)	(354,786,991.76)
Operating loss	(14,840,419.42)	(91,256,336.56)

17. Supplement to cash flow statement

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

In RMB

Particulars	Years ended December 31,	
	2018	2017
Net loss	(3,431,015.22)	(79,219,725.21)
Add: Accrued/ (reversal) impairment		
provisions against bad debt	(1,345,863.18)	10,975,748.44
Depreciation of fixed assets	6,356,484.15	7,069,550.32
Amortization of long-term		
deferred expenses	909,380.56	1,766,468.87
Financial expenses	7,342,261.38	1,569,215.93
Losses on disposal of fixed assets	1,159,943.98	500,291.76
Increase (decrease) in accrued expenses	(16,010,760.37)	-
Decrease (increase) in operating receivables	33,466,856.30	97,615,549.43
(Decrease) increase in operating payables	(48,932,567.52)	(46,056,674.87)
Net cash outflow from operating activities	(20,485,279.92)	(5,779,575.33)

(2) Change in cash and cash equivalents

In RMB

Particulars	2018	2017
Cash and cash equivalents at the end of the year	74,259,889.67	96,705,984.42
Less: Cash and cash equivalents at the beginning of the year	96,705,984.42	59,009,387.84
Net increase/ (decrease) in cash and cash equivalents	(22,446,094.75)	37,696,596.58

VIII. Related party relationships and transactions

1. Related parties where a control relationship exists

Name of the Company	Registered Country	Nature of business	Registered capital	Ratio	Voting ratio
Infosys Limited	India	Rendering of information technology consultation service and next-generation digital services	INR 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
Infosys BPM Ltd	Controlled by the same Parent Company
Infosys Technologies S.De.R.L	Controlled by the same Parent Company
Lodostone 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	Years December 31,	
	2018	2017
Sales		
Infosys Limited	78,859,975.44	100,744,974.04
Infosys Technologies (Shanghai) Co. Limited	26,133,524.62	11,290,211.03
Infosys Public Services Inc	891,030.77	1,245,074.16
Panaya Ltd	613,634.36	-
Infosys Technologies S.De.R.L	3,386,346.65	-
	109,884,511.84	113,280,259.23
Purchases		
Infosys Technologies (Shanghai) Co. Limited	229,878,613.01	210,163,454.14
Infosys Limited	29,152,894.25	21,197,984.22
Panaya Ltd	1,931,666.09	2,228,815.62
EdgeVerve Systems Limited	1,405,831.20	2,027,299.08
Infosys Consulting AG	7,489.14	945,882.27
Lodostone Management Consultants (China) Co. Ltd	1,747,994.84	725,597.26
Infosys Consulting GmbH	-	163,121.05
Infosys BPM Limited	385,841.44	123,377.31
	264,510,329.97	237,575,530.95

(b) Loans and borrowings

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

In RMB, unless otherwise stated

Particulars	Incurred amount in 2018	As at December 31, 2018	Incurred amount in 2017	As at December 31, 2017	Annual interest rate
Borrowings from					
Infosys Limited	3,290,000.00	68,632,000.00	-	65,342,000.00	6.00%
Infosys Poland Sp. z o.o.	191,379.66	4,765,319.66	-	4,573,940.00	3.50%
	3,481,379.66	73,397,319.66	-	69,915,940.00	
Loans to					
Infosys Technologies (Shanghai) Co. Limited	-	50,000,000.00	50,000,000.00	50,000,000.00	6.00%
	-	50,000,000.00	50,000,000.00	50,000,000.00	

Note:

The Company lent RMB 50,000,000.00 to Infosys Technologies (Shanghai) Co. Limited in 2018 in total bearing interest at 6.00% per annum. RMB 15,000,000.00 and RMB 35,000,000.00 will due in May and July 2018, respectively. Both borrowings have been extended at the request of the borrower. The incurred amount in 2018 is the exchange rate impact.

In RMB

Particulars	Years ended December 31, 2018	2017
Interest expenses		
Infosys Limited	4,578,154.02	3,747,955.47
Infosys Poland Sp. z o.o.	121,457.55	206,140.54
	4,699,611.57	3,954,096.01
Interest income		
Infosys Technologies (Shanghai) Co. Limited	3,000,000.00	1,490,958.91

(c) Amounts due to/ from related companies

Accounts	Name of the related parties	2018 RMB	2017 RMB
Accounts receivable	Infosys Technologies (Shanghai) Co. Limited	37,562,424.89	9,860,888.79
	Infosys Limited	7,971,254.25	7,366,854.21
	Infosys Technologies S.De.R.L	3,386,346.65	-
	Infosys Public Services Inc	51,924.18	53,615.02
		48,971,949.97	17,281,358.02
Accounts payable	Infosys Technologies (Shanghai) Co. Limited	26,730,978.47	59,090,477.70
	Infosys Limited	24,488,303.01	22,519,227.93
	EdgeVerve Systems Limited	3,485,998.32	3,566,513.20
	Panaya Ltd	-	2,228,815.62
	Infosys Consulting AG	7,489.14	945,882.27
	Lodostone Management Consultants (China) Co. Ltd	918,232.83	504,048.37
	Infosys BPM Limited	779,267.04	393,425.60
	Infosys Consulting GmbH	-	163,121.05
		56,410,268.81	89,411,511.74
Other payable	Infosys Limited	11,716,328.56	7,234,165.01
	Infosys Poland Sp. z o.o.	423,588.56	206,140.54
		12,139,917.12	7,440,305.55
Other receivable	Infosys Technologies (Shanghai) Co. Limited	4,490,958.91	1,490,958.91
Prepayment	Panaya Ltd	1,456,134.95	-

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 USD, INR, HKD and TWD. The Company's principal activities are settled in RMB. As at December 31, 2018, 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,	
	2018	2017
Cash and bank balances	13,828,299.23	20,150,260.84
Accounts receivable	58,107,041.85	25,129,034.04
Short-term loans	(73,397,319.66)	(69,915,940.00)
Interest payable	(12,139,917.12)	(7,440,305.55)
Accounts payable	(24,874,712.56)	(39,458,081.18)
	(38,476,608.26)	(71,535,031.85)

Credit risk

As at December 31, 2018, 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

Item	Changes in exchange rate	2018		2017	
		Effect on profit	Effect on owners' equity	Effect on profit	Effect on owners' equity
All foreign currencies	10% increase against RMB	(3,847,660.83)	(3,847,660.83)	(7,153,503.19)	(7,153,503.19)
All foreign currencies	10% increase against RMB	3,847,660.83	3,847,660.83	7,153,503.19	7,153,503.19

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,	
	2018	2017
Purchase contracts for fixed assets that have been entered in or are to be performed	-	726,200.00

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,	
	2018	2017
Within 1 year	11,829,625.16	20,125,368.07
1 to 2 years	6,275,167.00	21,490,151.01
2 to 3 years	775,917.60	15,910,565.30
Over 3 years	-	1,958,366.73
Total	18,880,709.76	59,484,451.11

XII. Comparative data

Partial comparative data for 2017 in the financial statements has been reclassified according to year 2018 presentation.

Infosys Technologies S. de R. L. de C. V.

Financial Statements for the Years Ended December 31, 2018 and 2017, and
Independent Auditors' Report dated May 9, 2019

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 statements of Infosys Technologies S. de R. L. de C. V. (the 'Entity'), which comprise the statement of financial position as of December 31, 2018 and 2017, and the statements of income, the statements changes in stockholders' 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as of December 31, 2018 and 2017, and its financial performance and its cash flows for the year then ended in accordance with Mexican Financial Reporting Standards (MFRS's).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA's). 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) together with the Code of Ethics 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 with the 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.

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 MFRS's, 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 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 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's 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's, 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 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 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.
Miembro de Deloitte Touche Tohmatsu Limited

C.P.C. Ana Laura Rodríguez Pérez

May 9, 2019

Statements of Financial Position

In MXN

Particulars	Note no.	As at December 31, 2018	As at December 31, 2017
Assets			
Current assets:			
Cash		344,894,583	305,082,879
Accounts receivable, net	5	161,492,155	174,062,397
Related parties	6	62,784,307	21,176,793
Other receivables		2,689,871	2,186,632
Prepayments		6,317,520	7,307,386
Total current assets		578,178,436	509,816,087
Computer equipment and furniture and equipment, net	7	9,801,871	15,588,777
Deferred employee statutory profit sharing	10b	7,631,684	8,144,376
Deferred income taxes	10b	24,690,834	26,966,475
Guarantee deposits		2,237,213	2,196,249
Total assets		622,540,038	562,711,964
Liabilities and Stockholders' Equity			
Current liabilities:			
Trade accounts payable		9,664,385	1,956,994
Accruals	9	24,663,441	16,185,593
Related parties	6	12,932,746	–
Taxes payable	8	21,505,748	48,263,397
Employee statutory profit sharing		13,617,620	16,588,864
Deferred revenue	3i	15,030,394	24,087,453
Total current liabilities		97,414,334	107,082,301
Employee benefits		9,920,859	8,714,315
Total liabilities		107,335,193	115,796,616
Stockholders' equity	11		
Capital stock		175,000,000	175,000,000
Retained earnings		340,204,845	271,915,348
Total stockholders' equity		515,204,845	446,915,348
		622,540,038	562,711,964
Commitments and contingent liabilities	12		

See accompanying notes to financial statements.

Statements of Income

In MXN

Particulars	Note no.	Years ended December 31, 2018	2017
Service revenues		736,580,103	757,036,377
Operating expenses:			
Salaries and related costs		407,726,102	380,864,565
Services		133,901,775	97,117,959
Rents		26,001,922	28,793,490
Depreciation		8,707,814	11,170,171
Employee statutory profit sharing		11,961,202	16,198,594
Other		59,118,275	52,366,535
Total operating expenses		647,417,090	586,511,316
Operating income		89,163,013	170,525,062
Comprehensive financial results:			
Foreign exchange (loss) gain - net		865,681	(5,808,556)
Interest income		8,595,248	767,608
Comprehensive financial results, net		9,460,929	(5,040,948)
Income before income taxes		98,623,942	165,484,114
Income taxes	10	30,334,445	47,456,672
Net income		68,289,497	118,027,443

See accompanying notes to financial statements.

Statements of Changes in Stockholders' Equity

In MXN

Particulars	Capital stock	Retained earnings	Total stockholders' equity
Balances as of January 1, 2017	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
Net comprehensive income (note 11 b)	–	68,289,497	68,289,497
Balances as of December 31, 2018	175,000,000	340,204,845	515,204,845

See accompanying notes to financial statements.

Statements of Cash Flows

In MXN

Particulars	Years ended December 31,	
	2018	2017
Cash flows from operating activities:		
Income before income taxes	98,623,942	165,484,115
Items relating to investing activities:		
Depreciation	8,707,814	11,170,171
Gain on sale of fixed assets	(10,674)	–
Interest income	(8,595,248)	(767,608)
	98,725,834	175,886,678
Accounts receivable and deferred revenue	3,513,183	59,163,830
Related parties	(28,674,768)	(22,544,325)
Other receivables and prepayments	486,627	2,304,894
Guarantee deposits	(40,964)	80,080
Trade accounts payable	7,707,391	(760,766)
Accruals	8,477,848	(16,682,813)
Income tax and other taxes paid	(54,303,761)	(45,125,788)
Employee statutory profit sharing	(2,971,244)	4,282,934
Employee benefits	1,206,544	1,455,455
Net cash provided by operating activities	34,126,690	158,060,179
Cash flow from investing activities		
Interest received	8,595,248	767,608
Acquisition of computer equipment, and furniture and equipment	(2,979,265)	(5,952,838)
Proceeds from sale of computer equipment, and furniture and equipment	69,031	–
Net cash provided by (used in) investing activities	5,685,014	(5,185,230)
Increase in cash	39,811,704	152,874,949
Cash		
At beginning of year	305,082,879	152,207,930
At end of year	344,894,583	305,082,879

See accompanying notes to financial statements.

Notes to the Financial Statements

1. Description of business

Infosys Technologies S. de R. L. de C. V. (the Company), is an 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 Limited, 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 'NIFs'. Certain accounting practices applied by the Entity that conform with MFRS may not conform with accounting principles generally accepted in the country of use.

b). Monetary unit of the financial statements

The financial statements and notes as of December 31, 2018 and 2017 and for the years then ended include balances and transactions denominated in Mexican pesos of different purchasing power. Cumulative inflation rates over the previous three-year periods ended December 31, 2018 and 2017 were 12.71% and 9.87%, respectively. Accordingly, the economic environment is not inflationary in either such period and no inflationary effects were recognized in the accompanying financial statements. Inflation rate for the three-year period ended December 31, 2018 was 15.69%. Inflation rates for the years ended December 31, 2018 and 2017 were 4.83% and 6.77%, respectively.

c). Use of estimates and judgment

The preparation of financial statements requires 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.

d). 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.

e). 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 accompanying financial statements have been prepared in conformity with MFRS, which require that management make certain estimates and use certain assumptions that affect the amounts reported in the financial statements and their related disclosures; however, actual results may differ from such estimates. The Entity's management, upon applying professional judgment, considers that estimates made and assumptions used were adequate under the circumstances. The significant accounting policies of the Entity are as follows:

a. Accounting changes

The following NIFs were issued and are effective January 1, 2018:

NIF B-17, Determination of fair value

NIF C-2, Investments in financial instruments

NIF C-3, Accounts receivable

NIF C-9, Provisions, contingencies and commitments

NIF C-10, Financial derivatives and hedging relationships

NIF C-16, Impairment of financial instruments receivable

NIF C-19, Financial instruments payable

NIF C-20, Financial instruments receivable

NIF D-1, Revenues from contracts with customers

NIF D-2, Costs from contracts with customers

At the date of issuance of these financial statements, the Entity did not have significant effects derived from the adoption of these new standards in its financial information.

b. Reclassifications -

Certain amounts in the consolidated financial statements as of and for the year ended December 31, 2017 have been reclassified to conform to the presentation of the 2018 consolidated financial statements.

c. 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.

d. 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.

e. Computer equipment and 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 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.

f. 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.

g. 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.

h. Accruals

Based on 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.

i. Employee benefits

Short-term direct benefits - Short-term direct employee benefits are recognized in the results of the period in which the services rendered are accrued. A liability is recognized for the amount expected to be paid if the Company has a legal or assumed obligation to pay this amount as a result of past services provided and the liability can be reasonably estimated.

Direct long-term benefits - The Company's net obligation in relation to long-term direct profits (except for deferred PS - see subsection (j) 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.

j. 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.

k. Revenue recognition

Revenues from services are recognized as services are provided.

The revenue from contracts hours spent related with management services and / or technical application support in the information centers or customer business place, are recognized in the period were made based on the hours spent on the projects and 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.

l. Business and credit concentration

Expenses for administrative services with related parties as of December 31, 2018 and 2017 amount to 8% and 12%, respectively, of total operating expenses. In addition, balances receivable from related parties as of December 31, 2018 and 2017 represent to 10% and 4%, respectively, of total assets and balances payable to related parties as December 31, 2018 represent to 12% of total liabilities.

m. 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.

n. Contingencies

Liabilities for loss contingencies are recorded when it is probable that a liability has been incurred and the amount thereof can be reasonably estimated. When a reasonable estimation cannot be made, disclosure is provided in the notes to the financial statements. Contingent revenues, earnings or assets are not recognized until realization is assured.

4. Foreign currency exposure and translation

Monetary assets and liabilities denominated in dollars, euros and pound sterling translated into the reporting currency are as follows:

2018	UK Pound Sterling	US Dollars	European Euros
Assets	(399,227)	200,251,344	11,514,362
Liabilities	–	26,906,437	158,573
Net assets	(399,227)	173,344,907	11,355,789

2017	UK Pound Sterling	US Dollars	European Euros
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

At December 31, 2018 and 2017, amounts recorded 865,681 and (5,808,556), respectively, for the foreign exchange gain and foreign exchange loss, respectively.

The exchange rates used in the various translation processes to the reporting currency are as follows:

In MXN

Country	Currency	Exchange rate	
		2018	2017
United States of America	Dollars	19.6563	19.6554
European Union	Euros	22.5324	23.5477
England	Pound Sterling	25.0873	26.5477

At December 31, 2018, the Company did not have foreign exchange hedging instruments.

5. Accounts receivable

Accounts receivable are as follows:

In MXN

Particulars	As at December 31,	
	2018	2017
Billed accounts receivable	152,365,148	145,611,345
Unbilled receivables	24,448,202	40,330,717
	178,813,350	185,492,061
Less:		
Provision for discount to customers	(14,819,631)	(11,577,034)
Allowance for doubtful accounts	(501,564)	(302,631)
	(15,321,195)	(11,879,665)
	161,492,155	174,062,397

6. Related parties

Transactions carried out with related parties, during the years ended December 31, 2018 and 2017, were as follows:

In MXN

Particulars	Years ended December 31,	
	2018	2017
Revenues for consulting and implementation provided to customers on behalf of its related party. [1]	183,411,449	85,299,911
Expenses for specialized personnel services in project implementation. [2]	75,383,245	69,724,952

[1] Infosys Limited, Panaya Limited, Edgeverve Limited in 2018 and Infosys Limited, Infosys Technologia do Brasil LTDA, Edgeverve Systems Limited, Infosys Consulting S.R.L.and Panaya Inc. in 2017.

[2] Infosys Limited, Infosys BPM Limited, Infosys Technologies (China) Co. Limited, Infosys Chile SpA in 2018 and Infosys Limited, Infosys BPM Limited and Lodestone Management Consultants Inc in 2017.

Balance receivable from related parties are as follows:

In MXN

Particulars	Years ended December 31,	
	2018	2017
Infosys Limited	39,223,432	2,931,166
Infosys Technologia DO Brasil LTDA	–	398,845
Infosys Consulting S.R.L.	1,847,262	1,876,292
Panaya Limited	20,345,265	15,089,255
Edgeverve Systems Limited	1,368,348	881,235
	62,784,307	21,176,793

Balance payable from related parties are as follows:

In MXN

Particulars	Years ended December 31,	
	2018	2017
Infosys BPM Limited	1,480,594	–
Infosys Technologies (China) Co. Limited	9,625,432	–
Infosys Chile SpA	1,826,721	–
	12,932,746	–

7. Computer equipment and furniture and equipment

Furniture and equipment at December 31, 2018 and 2017, comprise the following:

In MXN

Particulars	As at December 31,	
	2018	2017
Furniture and equipment	52,695,603	66,215,344
Computer equipment	61,960,060	67,689,130
	114,655,663	133,904,474
Less: accumulated depreciation	(104,853,792)	(118,315,697)
	9,801,871	15,588,777

8. Taxes payable

As of December 31, 2018 and 2017, taxes payable consist of the following:

In MXN

Particulars	As at December 31,	
	2018	2017
Income tax	(17,148,409)	7,785,520
Income tax withheld to third parties	12,921,578	11,647,206
Value added tax	16,377,140	20,100,290
Social security contributions	9,355,439	8,730,381
	21,505,748	48,263,397

9. Accruals

Accruals as at December 31, 2018 and 2017, are as follows:

In MXN

Particulars	Sub-contracting and others	Other personnel benefits	Total
Balances at December 31, 2017	5,365,997	10,819,595	16,185,592
Increases recorded in earnings	507,070,681	1,134,103,563	1,641,174,244
Payments	(501,313,231)	(1,131,383,164)	(1,632,696,395)
Balances at December 31, 2018	11,123,447	13,539,994	24,663,441

10. Income taxes (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) Income taxes

The income tax expense is as follows:

In MXN

Particulars	As at December 31,	
	2018	2017
Income tax:		
Current	27,546,112	46,042,021
Deferred	2,788,333	1,414,651
	30,334,445	47,456,672

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 MXN

Particulars	As at December 31,	
	2018	2017
Computed 'expected' tax expense	29,818,676	52,377,684
Increase (reduction) resulting from		
Effects of inflation, net	(7,213,751)	(7,548,830)
Non-deductible expenses	5,971,277	5,896,097
Other, net	1,758,243	(3,268,279)
	30,334,445	47,456,672

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and liabilities, at December 31, 2018 and 2017, are as follows:

In MXN

Particulars	As at December 31,	
	2018	2017
Deferred tax assets:		
Allowance for doubtful receivables	402,275	90,789
Provisions for accounts receivable	3,504,077	2,877,989
Furniture and equipment	5,704,249	8,365,237
Accruals	11,779,619	10,427,458
Employee benefits	428,935	428,935
Deferred revenues	4,509,118	7,226,236
Provisions for vacations	2,547,322	2,185,360
Total gross deferred tax assets	28,875,595	31,602,004
Deferred tax liabilities		
Prepayments	1,895,256	2,192,216
Deferred ESPS	2,289,505	2,437,019
Total gross deferred tax liabilities	4,184,761	4,629,235
Net deferred tax asset	24,690,834	26,966,475

b) Deferred ESPS

The deferred ESPS expense (benefit) is as follows:

In MXN

Particulars	As at December 31,	
	2018	2017
Deferred ESPS	491,713	727,200

The effects of ESPS on temporary differences that give rise to significant portions of deferred ESPS assets and liabilities are as follows:

In MXN

Particulars	As at December 31,	
	2018	2017
Deferred tax assets:		
Allowance for doubtful receivables	134,092	30,263
Provisions for accounts receivable	1,168,025	959,330
Furniture and equipment	1,901,416	2,788,412
Accruals	2,564,778	1,816,933
Employee benefits	142,978	142,978
Deferred revenues	1,503,039	2,408,745
Provisions for vacations	849,107	728,453
Total gross deferred tax assets	8,263,437	8,875,115
Deferred tax liabilities		
Prepayments	631,752	730,739
Total gross deferred tax liabilities	631,752	730,739
Net deferred tax asset	7,631,684	8,144,376

11. Stockholders' equity

The principal characteristics of stockholders' equity are described below:

a) Structure of capital stock

The Company's capital stock at December 31, 2018 and 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, 2018 and 2017, 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, 2018, the legal reserve amounts to $17,010,242 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 rental expense amounted to $26,001,922 in 2018 and $28,793,490 in 2017, 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

In MXN

Year	Monterrey office	Mexico office
2018	19,111,413	8,190,605
2019	20,063,984	8,600,135
	39,175,397	16,790,740

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 $62,640,124 in 2018 and $69,155,185 in 2017 and included in operating expenses in the statement of income.

e) There is a contingent liability arising from the labor obligations mentioned in note 3(i).

13. New accounting principles

As of December 31, 2018, the CINIF has issued the following NIFs and Improvements to NIFs which may affect the financial statements of the Entity:

Effective January 1, 2019:

NIF D-5, Leases - The accounting recognition for the lessor remains the same and only disclosure requirements are added. For the lessee it introduces a single recognition model for leases which eliminates their classification as operating or capital leases, so the latter should recognize the assets and liabilities of all leases of over 12 months (unless the underlying asset is low value). Consequently, the most important impact will be an increase in the assets leased and in the financial liabilities of a lessee when recognizing an asset for the right to use the underlying asset leased and a lease liability which reflects the obligation of the lease payments at present value. The following aspects should be considered when this NIF is applied: a) a lease is defined as a contract which transfers to the lessee the right to use an asset for a determined period of time in exchange for a consideration; therefore, it should be evaluated, at the start of the contract, whether the right to control the use of an identified asset for a determined period of time is obtained; b) it changes the nature of the expenses related with leases, by replacing the expense for operating lease in accordance with Bulletin D-5, with an expense for depreciation or amortization of the assets for the right of use (in operating costs) and an interest expense on the lease liabilities (in comprehensive financing result); c) it modifies the presentation in the statement of cash flows when reducing the cash flows from operating activities, with an increase in outlays of cash flows from financing activities to reflect the payments of the lease liabilities; d) it modifies the recognition of the gain or loss when a vendor-lessee transfers an asset to another entity and leases that asset back

Management believes that the new NIFs and the improvements to the NIFs will not generate significant effects.

14. Authorization to issue the financial statements

On May 9, 2019, 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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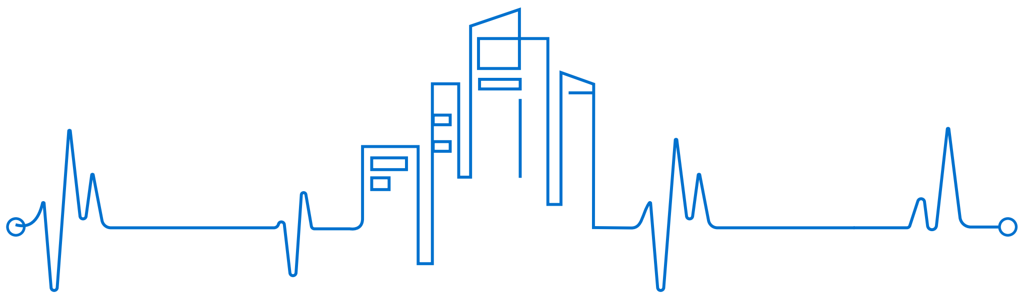


Infosys Technologies (Sweden) AB

Corporate ID no 556779-1040

presents

Annual Report for the fiscal year, January 1, 2018 to December 31, 2018

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 income statement and the Balance Sheet was approved at the annual general meeting held on 2019.

The annual general meeting also approved the board's proposal on profit allocation.

Stockholm

April 12, 2019

Mohit Joshi

Chairman of the Board

Auditor's 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 January 1, 2018 to December 31, 2018.

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 December 31, 2018 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 Auditor's 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 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. 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the 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 January 1, 2018 – December 31, 2018 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 Auditor's 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.

Auditor's 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.

Deloitte AB

Signature on Swedish original

Stockholm

April 12, 2019

Andreas Frountzos
Authorized Public Accountant

Board of Directors Report

The annual report is prepared in Swedish Kronas, SEK.

General information about the business

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, system integration, package evaluation and implementation, testing and infrastructure management services.

Ownership structure

Infosys Limited, Electronic City, Hosur Road, Bengaluru 560 100, India, is the Parent Company that prepares the consolidated accounts of the largest group that Infosys Technologies (Sweden) AB is part of as a subsidiary.

Significant events during and after the financial year

No significant events have occured.

Multi-year comparison (KSEK)	2018	2017	2016	2015	2014
Net turnover	82 170	130 363	145 818	108 437	45 953
Profit/(loss) after financial items	2 817	4 138	(13 543)	(56 351)	806
Total assets	49 557	55 250	72 594	108 992	8 427
Equity-asset ratio (%)	70,70%	58,32%	5,63%	9,51%	20,50%
Average number of employees	52	72	102	114	44

Appropriation of profit/(loss) (SEK)	
At the disposal of the general meeting:	
Profit/(loss) brought forward	32 122, 113
Profit/(loss) for the year	2 816 902
	34 939 015
The board of directors proposes the following:	
to be carried forward	34 939 015
	34 939 015

For information about the Company's earnings and financial position in other respects, please refer to the Income Statement, Balance Sheet and accompanying notes set out below.

Income Statement

In SEK

Particulars	Note no.	Years ended December 31,	
		2018	2017
Net turnover	2	82 169 582	130 363 206
Total operating income		82 169 582	130 363 206
Operating expenses			
Other external expenses	3 and 4	(16 383 641)	(47 435 576)
Personnel costs	5	(63 078 349)	(77 446 580)
Total operating expenses		(79 461 990)	(124 882 156)
Operating profit/(loss)		2 707 592	5 481 050
Financial items			
Other interest income and similar profit/(loss) items	6	109 310	–
Interest expense and similar profit/(loss) items	7	–	(1 343 217)
Profit/(loss) after financial items		2 816 902	4 137 833
Profit/(loss) before tax			
Tax on profit for the year	8	–	–
Net profit/(loss) for the year		2 816 902	4 137 833

Balance Sheet

In SEK

Particulars	Note no.	Years ended December 31,	
		2018	2017
ASSETS			
Current assets			
Current receivables			
Trade receivables		318 549	4 313 251
Receivables from group companies		13 160 047	11 838 972
Other receivables		881 212	3 497 142
Prepaid expenses and accrued income	9	292 464	617 991
		14 652 272	20 267 356
Cash and bank		34 904 754	34 982 600
Total current assets		49 557 026	55 249 956
Total assets		49 557 026	55 249 956

In SEK

Particulars	Note no.	Years ended December 31,	
		2018	2017
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		32 1221 13	3 984 280
Shareholder's contributions		–	24 000 000
Profit/(loss) for the year		2 816 902	4 137 833
Total non-restricted equity		34 939 015	32 122 113
Total equity		35 039 015	32 222 113
Current liabilities			
Liabilities to group companies		236 782	2 772 656
Other liabilities		963 194	5 455 642
Accrued expenses and deferred income	11	13 318 035	14 799 545
Total current liabilities		14 518 011	23 027 843
Total equity and liabilities		49 557 026	55 249 956

Change in Equity

In SEK

Particulars	Share capital	Non-restricted equity	Profit/(loss) for the year	Total equity
Opening amount January 1, 2018	100 000	27 984 280	4 137 833	32 222 113
Appropriation of profits, last year		4 137 833	(4 137 833)	–
Profit/(loss) for the year			2 816 902	2 816 902
Closing amount December 31, 2018	100 000	32 122 113	2 816 902	35 039 015

Cash Flow Analysis

In SEK

Particulars	Note no.	Years ended December 31, 2018	2017
Operating activities			
Profit/(loss) after financial items		2 816 902	4 137 833
Adjustments for non-cash items, etc.	12	(2 639)	(107 627)
		2 814 263	4 030 206
Taxes, paid		2 615 930	(1 994 910)
Cash flow from operating activities before changes in working capital		5 430 193	2 035 296
Cash flow from changes in working capital			
Increase(-)/ decrease(+) in current receivables		2 999 155	28 002 204
Increase(+)/ decrease(-) in current liabilities		(8 509 833)	(21 359 366)
Cash flow from operating activities		(80 485)	8 678 134
Investing activities			
Repayment of financial receivables		2 639	(14 675)
Cash flow from investing activities		2 639	(14 675)
Financing activities			
Cash flow from financing activites		–	–
Change in cash and cash equivalents		(77 846)	8 663 458
Cash and cash equivalents at beginning of year		34 982 600	26 319 142
Cash and cash equivalents at year-end	13	34 904 754	34 982 600

Notes to the Financial Statement

Note 1 Notes with accounting concept

The annual report has been prepared in accordance with the Annual Accounts Act (1995:1554) and general advice from the

Swedish Accounting Standards Board BFNAR 2012:1 Annual accounts and consolidated accounts ('K3').

Accounting currency

The annual report is prepared in Swedish Kronas, 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 transfered ownership 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 the currency rate of the 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 for operational leasing agreements are expensed linear over the leasing period, unless another systematical procedure is reflecting the lesses financial benefit over time.

Remuneration to employees

Remuneration to employees in form of salary, bonus, paid vacation, paid sickleave etc. 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 the Balance Sheet date, which are classified as fixed assets.

Receivables are reported to the amount that are excpected 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 only includes transactions that have involved in- and outflow of payments.

Note 2 Intra-group purchases and sales

Particulars	Years ended December 31,	
	2018	2017
Percentage of sales relating to group companies	90,7%	60,4%
Percentage of purchases relating to group companies	8,2%	20,4%

In SEK

Operating income per region	Years ended December 31,	
	2018	2017
Sweden	74 515 282	78 800 464
Denmark	7 654 300	13 122 173
Norway	–	38 440 569
	82 169 582	130 363 206

Note 3 Auditor's remuneration

In SEK

Particulars	Years ended December 31,	
	2018	2017
Fees and expenses		
Deloitte AB		
Audit assignment	145 000	156 798
	145 000	156 798

Note 4 Leasing

In SEK

Particulars	Years ended December 31, 2018	2017
Operational leasing agreements - lessee		
The years total expensed leasing charges for operating expenses amount to SEK 3 886 344 (5 203 973).		
Future minimum lease payments for non-cancellable leases, falling due for payment as follows:		
Maturity dates		
Within one year	882 476	2 599 576
Between two and five years	–	156 100
After five years	–	–
	882 476	2 755 676

Note 5 Personnel

Particulars	Years ended December 31, 2018	2017
Average number of employees		
Average number of employees, men	36	55
Average number of employees, women	16	17
Total	52	72
Gender distribution of the Board and Management		
Women:		
Board members	–	–
Other persons in Company Management including CEO	–	–
Men:		
Board members	2	3
Other persons in company management including CEO	–	–
Total	2	3
Wages, salaries and remunerations		
Wages, salaries and remunerations amounts to		
Wages, salaries and remunerations	43 263 034	53 718 329
Pensions costs	6 696 098	7 444 241
Social security costs	13 119 217	16 284 010
	63 078 349	77 446 580

Note 6 Interest income and similar profit/(loss) items

In SEK

Particulars	Years ended December 31, 2018	2017
Interest income, other	2 639	–
Exchange rate differences	106 671	–
	109 310	–

Note 7 Interest expense and similar profit/(loss) items

In SEK

Particulars	Years ended December 31, 2018	2017
Interest expense, group companies		(136 976)
Exchange rate differences	–	(1 206 241)
	–	(1 343 217)

Note 8 Tax on profit for the year

Particulars	Years ended December 31, 2018		2017	
Current tax expense (-)/tax income (+)				
Tax expense for the period		–		–
Adjustments, tax previous years		–		–
		–		–
Reconciliation current tax				
	Percent	Amount	Percent	Amount
Profit/(loss) before tax		2 816 902		4 137 833
Tax according to current tax rate	-22,0%	(619 718)	22,0%	(910 323)
Non-deductible costs	-0,8%	(22 797)	-0,1%	(3 213)
Non-taxable income	–	–	–	–
Effect of temporary differences	-25,2%	(711 228)	–	–
Taxes, previous year	–	–	–	–

Particulars	Years ended December 31,			
	2018		2017	
Effect of changed tax rates /and taxation rules	–	–	–	–
Loss carry forwards, excluding deferred tax	48,1%	1 353 743	22,1%	913 536
Declared effective tax	–	–	–	–

Note 9 Prepaid expenses and accrued income

In SEK

Particulars	Years ended December 31,	
	2018	2017
Prepaid insurance	–	15 730
Prepaid rent	222 976	413 695
Accrued income	69 488	188 566
	292 464	617 991

Note 10 Equity

Number of shares are 1 000 and quotient value is 100 SEK per share.

Note 11 Accrued expenses and deferred income

In SEK

Particulars	Years ended December 31,	
	2018	2017
Accrued salary	4 046 992	5 220 902
Accrued vacation pay	2 723 865	2 913 048
Other accrued expenses	6 547 178	6 665 595
	13 318 035	14 799 545

Note 12 Cash in cash flow

In SEK

Particulars	Years ended December 31,	
	2018	2017
Adjustment for conversion of loan and accrued interest for shareholders' contributions	–	(122 302)
Interest- and dividend income	(2 639)	14 675
	(2 639)	(107 627)

Note 13 Cash in cash flow

In SEK

Particulars	Years ended December 31,	
	2018	2017
Cash balance	–	–
Bank balance	34 904 754	34 982 600
	34 904 754	34 982 600

Note 14 Pledged assets

In SEK

Particulars	Years ended December 31,	
	2018	2017
Pledged assets	–	–

Other disclosures

Note 15 Contingent liabilities

In SEK

Particulars	Years ended December 31,	
	2018	2017
Contingent liabilities	–	–

Note 16 Significant events after the financial year

No significant events have occured.

Note 17 Group information

Infosys Limited, Electronic City, 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	32 122 113
Profit/(loss) for the year	2 816 902
	34 939 015
The board of directors proposes the following to be carried forward	34 939 015
	34 939 015

Stockholm

April 12, 2019

Mohit Joshi
Chairman of the Board

Eric Stephen Paternoster
Member of the Board

Andreas Frountzos
Leading auditor

Auditor's report was submitted in Stockholm on April 12, 2019.

Deloitte AB

Infosys Technologies (Shanghai) Company Limited

Auditor’s Report

De Shi Bao (Shen) Zi (19) No. P2516

The Board of Directors of Infosys Technologies (Shanghai) Company Limited:

1. Opinion

We have audited the accompanying financial statements of Infosys Technologies (Shanghai) Co. Limited (‘the Company’), which comprise the Balance Sheet as at December 31, 2018, 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, 2018, 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 Auditor’s 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. Auditor’s 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 auditor’s 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 auditor’s 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 auditor’s 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, 2019

The auditor's 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,	
		2018	2017
Assets			
Current assets			
Cash and bank balances	1	34,684,454.05	47,299,662.70
Accounts receivable	2	58,954,156.35	95,125,542.22
Prepayments		48,138.34	96,855.34
Other receivables	3	2,981,747.75	751,451.09
Other current assets	4	14,815,701.23	25,542,506.21
Total current assets		111,484,197.72	168,816,017.56
Non-current assets			
Fixed assets	5	655,309,052.61	689,273,113.51
Construcion in progress	6	155,683,429.27	154,767,078.02
Intangible assets	7	60,291,180.39	61,702,020.30
Long-term deferred expenses	8	23,608,209.67	42,706,840.90
Total non-current assets		894,891,871.94	948,449,052.73
Total assets		1,006,376,069.66	1,117,265,070.29

Balance Sheet

In RMB

Particulars	Notes VII	As at December 31,	
		2018	2017
Liabilities and owners' equity			
Current liabilities			
Short-term loans	9	84,383,743.28	82,671,000.00
Accounts payable		43,430,182.53	33,810,930.10
Employee benefits payable	10	29,473,665.45	31,168,982.64
Taxes payable	11	5,124,393.68	5,718,182.56
Other payables		74,902,043.49	95,544,963.53
Non-current liabilities, current portion	12	1,284,120.00	1,284,120.00
Other current liabilities		7,545,910.25	9,058,797.87
Total current liabilities		246,144,058.68	259,256,976.70
Non-current liabilities			
Other non-current liabilities	12	41,707,016.00	42,991,136.00
Total liabilities		287,851,074.68	302,248,112.70
Owners' equity			
Paid in capital	13	956,355,558.48	956,355,558.48
Accumulated losses		(237,830,563.50)	(141,338,600.89)
Total owners' equity		718,524,994.98	815,016,957.59
Total liabilities and owners' equity		1,006,376,069.66	1,117,265,070.29

The accompanying notes form part of the financial statements.

The financial statements on pages 52 to 70 were signed by the following

Stone Zhu	Subrata Das
Legal Representative	*Head of Accounting*

Statement of Income

In RMB

Particulars	Notes VII	Years ended December 31,	
		2018	2017
I. Operating income	14	359,042,800.00	289,840,002.73
Less: Operating costs		405,535,378.57	351,562,953.23
Administrative expenses		48,209,652.43	37,020,879.27
Selling expenses		1,056,507.51	413,791.15
Financial expenses (income)	15	5,227,357.73	753,570.51
Impairment losses	16	(1,317,144.17)	1,299,984.79
II.Operating loss	19	(99,668,952.07)	(101,211,176.22)
Add: Non-operating income	17	3,176,989.46	1,285,930.35
Loss before taxation		(96,491,962.61)	(99,925,245.87)
III.Less: Income tax expense	18	–	–
IV.Net loss for the year		(96,491,962.61)	(99,925,245.87)
V.Other comprehensive loss, net of tax		–	–
VI.Total comprehensive loss for the year		(96,491,962.61)	(99,925,245.87)

The accompanying notes form part of the financial statements.

Statement of Cash Flows

In RMB

Particulars	Notes VII	Years ended December 31,	
		2018	2017
I.Cash flows from operating activities			
Proceeds from rendering of services		412,046,064.32	234,093,054.23
Proceeds from other operating activities		3,808,357.24	1,941,546.30
Sub-total of cash inflows		415,854,421.56	236,034,600.53
Payment for services		43,645,090.35	8,104,698.46
Payment to and for employees		322,492,913.74	211,863,116.21
Payment of various taxes		11,154,629.84	4,044,165.66
Payment for other operating activities		47,874,177.48	11,693,154.51
Sub-total of cash outflows		425,166,811.41	235,705,134.84
Net cash outflow from operating activities	20	(9,312,389.85)	329,465.69
II.Cash flows from investing activities			
Payment for acquisition of fixed assets and other long-term deferred expenses		3,606,483.83	141,293,700.07
Sub-total of cash outflows		3,606,483.83	141,293,700.07
Net cash outflow from investing activities		(3,606,483.83)	(141,293,700.07)
III.Cash flows from financing activities			
Proceeds from investors		–	79,674,360.00
Proceeds from borrowings		–	82,671,000.00
Sub-total of cash inflows		–	162,345,360.00
Net cash inflow from financing activities		–	162,345,360.00
IV. Effect of exchange rate changes		303,665.03	1,635,129.36
V.Net increase / (decrease) in cash and cash equivalents	20	(12,615,208.65)	23,016,254.98
Add: Cash and cash equivalents at the beginning of the year		47,299,662.70	24,283,407.72
VI.Cash and cash equivalents at the end of the year	20	34,684,454.05	47,299,662.70

The accompanying notes form part of the financial statements.

Statement of Changes in Owners' Equity

In RMB

Particulars	Paid-in capital	Accumulated losses	Total owners' equity
I.Balance at January 1, 2018	956,355,558.48	(141,338,600.89)	815,016,957.59
II.Changes in equity during the year			
(1) Total comprehensive income			
(2) Owner's contributions	–	(96,491,962.61)	(96,491,962.61)
III.Balance at December 31, 2018	956,355,558.48	(237,830,563.50)	718,524,994.98
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
III.Balance at December 31, 2017	956,355,558.48	(141,338,600.89)	815,016,957.59

The accompanying notes form part of the financial statements.

I. Basic information

Infosys Technologies (Shanghai) Company Limited (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 revised approval certificate Shang Wai Zi Hu Du Zi Zi [2011] 0512 from the Shanghai Municipal Government for the change on August 9, 2012 and a revised business license 310000400643765 (Shiju) on October 19, 2012 issued by Shanghai Administration of Industry and Commerce of the PRC.

On October 24, 2016, the Company updated its scope of principal activities and obtained a renewed business licence with the unified social credit code of 91310000569580636B. The Company's year of operation is 50 years and its principal activities are to carry out research, develop, design, produce software; sale of self produced products; provide related technology consulting services and after sale services; develop computer and network technology; provide testing and maintenance of software solutions; provide business process management.

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, 2018, 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, 2018, 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

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 reorganization;
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, 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	2-5 years	0%	20%-50%
Office equipment	2-5 years	0%	20%-50%
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 :

Land use right	Amortization period 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 153,916,743.36 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 oversea 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 2017: 25%). The Company has cumulative operating loss as at December 31, 2018. 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.

VII. Notes to the Financial Statements

1. Cash and bank balances

In RMB

Particulars	As at December 31,	
	2018	2017
Deposits with banks	34,684,454.05	47,299,662.70

2. Accounts receivable

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

In RMB

Particulars	As at December 31,	
	2018	2017
Amounts due from related parties	33,044,144.99	64,953,884.21
Amounts due from other customers	26,057,584.79	31,636,251.91
Less: Provision for bad and doubtful debts	(147,573.43)	(1,464,593.90)
Total	58,954,156.35	95,125,542.22

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

Aging	As at December 31,,							
	2018				2017			
	Amount	Ratio	Bad debt provision	Book value	Amount	Ratio	Bad debt provision	Book value
	RMB	%	RMB	RMB	RMB	%	RMB	RMB
Within 1 year	59,101,729.78	100.00	(147,573.43)	58,954,156.35	96,590,136.12	100.00	(1,464,593.90)	95,125,542.22

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

	As at December 31,	
	2018	2017
	RMB	RMB
Balance at the beginning of the year	1,464,593.90	164,605.25
Provision during the year	147,573.43	1,299,984.79
Reverse during the year	(1,464,717.60)	–
Exchange difference	123.70	3.86
Balance at the end of the year	147,573.43	1,464,593.90

3. Other receivables

The ageing analysis of other receivables is as follows:

Aging	As at December 31,,							
	2018				2017			
	Amount	Ratio	Bad debt provision	Book value	Amount	Ratio	Bad debt provision	Book value
	RMB	%	RMB	RMB	RMB	%	RMB	RMB
Within 1 year	2,445,974.75	82.03	–	2,445,974.75	215,678.09	28.70	–	215,678.09
1 to 2 years	57,610.00	1.93	–	57,610.00	–	–	–	–
2- 3 years	127,820.00	4.29	–	127,820.00	535,773.00	71.30	–	535,773.00
Over 3 years	350,343.00	11.75	–	350,343.00	–	–	–	–
Total	2,981,747.75	100.00	–	2,981,747.75	751,451.09	100.00	–	751,451.09

4. Other current assets

	As at December 31,	
	2018	2017
	RMB	RMB
Deductible input VAT	14,815,701.23	25,542,506.21

5. Fixed assets

In RMB

Particulars	Electronic equipment	Office equipment	Building	Total
Cost				
January 1, 2018	20,826,112.34	25,859,548.00	682,542,213.84	729,227,874.18
Additions during the year	2,403,555.41	286,577.17	–	2,690,132.58
Balance at December 31, 2018	23,229,667.75	26,146,125.17	682,542,213.84	731,918,006.76
Accumulated depreciation				
January 1, 2018	(5,536,936.42)	(7,116,357.98)	(27,301,466.27)	(39,954,760.67)
Charge for the year	(4,571,331.79)	(4,781,173.13)	(27,301,688.56)	(36,654,193.48)
Balance at December 31, 2018	(10,108,268.21)	(11,897,531.11)	(54,603,154.83)	(76,608,954.15)
Carrying amounts				
At January 1, 2018	15,289,175.92	18,743,190.02	655,240,747.57	689,273,113.51
At December 31, 2018	13,121,399.54	14,248,594.06	627,939,059.01	655,309,052.61

6. Construction in progess

In RMB

Particulars	
Balance at January 1, 2017	142,111,406.98
Additions during the year	12,655,671.04
Transfers to fixed assets	
Transfers to long-term deferred expenses	
Balance at December 31, 2017	154,767,078.02
Additions during the year	916,351.25
Balance at December 31, 2018	155,683,429.27

7. Intangible assets

In RMB

Particulars	
Cost	
Balance at January 1, 2017	
December 31, 2017 and December 31, 2018	70,540,000.00
Less: Accumulated amortization	
Balance at January 1, 2017	(7,427,139.79)
Charge for the year	(1,410,839.91)
Balance at December 31, 2017	(8,837,979.70)
Balance at December 31, 2018	(1,410,839.91)
Carrying amounts	
At December 31, 2018	60,291,180.39
At December 31, 2017	61,702,020.30

8. Long-term deferred expenses

In RMB

Particulars	As at December 31,	
	2018	2017
Leasehold improvement	1,152,348.57	2,515,866.04
Building decoration	22,455,861.10	40,190,974.86
Total	23,608,209.67	42,706,840.90

9. Short-term loans

In RMB

Particulars	As at December 31,	
	2018	2017
	RMB	RMB
Unsecured loans	84,383,743.28	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 34,383,743.28), bearing interest per annum at 6.00%, changed to 3.50% since January 1, 2018. The term of loan was 1 year. It was due in May 17, 2018, and was extended to May 17, 2019.

Short-term loan also includes loans from Infosys Technologies (China) Co. Limited for the purpose of business operation. The total principal of the loan is RMB 50,000,000.00, bearing interest per annum at 6.00%. The loans were due in 2018, and was extended at the request of the lender.

10. Employee benefits payable

In RMB

Item	Opening balance	Provision for the year	Payment in the year	Closing balance
Wages or salaries, bonus, allowances, subsidies	31,168,982.64	258,962,277.40	(260,657,594.59)	29,473,665.45
Social security contributions	–	17,646,353.16	(17,646,353.16)	–
Including: Premiums or contributions on medical insurance	–	15,262,978.35	(15,262,978.35)	–
Unemployment insurance	–	612,697.87	(612,697.87)	–
Maternity and work injury insurance	–	1,770,676.94	(1,770,676.94)	–
Defined contribution plans (Note)	–	32,459,027.99	(32,459,027.99)	–
Housing funds	–	11,729,938.00	(11,729,938.00)	–
Total	31,168,982.64	320,797,596.55	(322,492,913.74)	29,473,665.45

Note: 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 13%, in Shanghai and Shenzhen 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.

11. Taxes payable

In RMB

Category	As at December 31,	
	2018	2017
Individual income tax	993,514.03	1,920,323.90
Housing tax	3,767,321.00	3,797,858.66
With holding tax	363,558.65	–
Total	5,124,393.68	5,718,182.56

12. Non-current liabilities, current portion and other non-current liabilities

In RMB

Particulars	Subsidy for technological support
Cost	
Balance at the beginning and the end of the year	48,966,000.00
Less : Accumulated amortization	
Balance at the beginning of the year	(4,690,744.00)
Charge for the year	(1,284,120.00)
Balance at the end of the year	(5,974,864.00)
Carrying amount	
At the end of the year	42,991,136.00
At the beginning of the year	44,275,256.00

In January 2012, the Company received a subsidy from Shanghai Zizhu Science-based Industrial Park Development Co. Ltd. ('Zizhu Park') amounting to RMB 33,896,000.00. The subsidy is intended to provide support for the Company in technological development during its operation. The subsidy is amortized on a straight-line basis over the year of operation of 50 years.

In December 2013, the Company received a technical reformation subsidy from Finance Bureau of Shanghai Minhang District 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, 2018 and December 31, 2017, 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. The contribution by the investor according to the Articles of Association is as follows:

Particulars	As at December 31,					
	2018			2017		
	USD	Ratio %	Equivalent to RMB	USD	Ratio %	Equivalent to RMB
Infosys Limited	149,600,000.00	100.00	956,355,558.48	149,600,000.00	100.00	956,355,558.48

14. Operating income

In RMB

Particulars	Years ended December 31,	
	2018	2017
Main operating income from principal activities		
Rendering of services	357,485,448.19	288,123,493.49
Other operating income		
Rental income	1,557,351.81	1,716,509.24
Total	359,042,800.00	289,840,002.73

15. Financial expenses (income)

In RMB

Particulars	Years ended December 31,	
	2018	2017
Interest income from deposits	(358,135.97)	(369,714.80)
Interest expenses from loans	4,202,780.25	2,752,768.13
Net exchange gains	1,382,713.45	(1,629,482.82)
Total	5,227,357.73	753,570.51

16. Impairment losses

In RMB

Particulars	Years ended December 31,	
	2018	2017
Bad debt losses	(1,317,144.17)	1,299,984.79

17. Non-operating income

In RMB

Particulars	Years ended December 31,	
	2018	2017
Technological support subsidy	1,284,120.00	1,284,120.00
Development support fund	1,200,000.00	–
Special fund returns	689,705.20	–
Others	3,164.26	1,810.35
Total	3,176,989.46	1,285,930.35

18. Income tax expense

In RMB

Particulars	Years ended December 31,	
	2018	2017
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, 2018 amounting to RMB 153,916,743.36 is not recognized. Among the accumulated deductible losses, RMB 6,221,136.98, RMB 0.00, RMB 8,436,534.33, RMB 40,620,742.52 and RMB 98,638,329.53 will expire in 2019, 2020, 2021, 2022 and 2023 respectively.

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

In RMB

Particulars	2018	2017
Accounting losses	(96,491,962.61)	(99,925,245.87)
Expected income expense at tax rate of 25%	(24,122,990.65)	(24,981,311.47)
Tax effect of non-deductible expenses	49,702.36	72,078.26
Unused deductible loss	24,659,582.38	21,103,958.17
Temporary differences for deferred tax assets not recognized	(586,294.09)	3,805,275.04
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,	
	2018	2017
Operating income	359,042,800.00	289,840,002.73
Less: Employee benefits expenses	(320,797,596.55)	(253,601,022.12)
Depreciation and amortization expenses	(57,163,664.62)	(81,332,049.04)
Rental payments	(2,842,120.59)	(3,325,987.73)
Financial (expense) income	(5,227,357.73)	(753,570.51)
Other expenses	(72,681,012.58)	(52,038,549.55)
Operating loss	(99,668,952.07)	(101,211,176.22)

20. Supplement to cash flow statement

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

In RMB

Particulars	Years ended December 31,	
	2018	2017
Net loss	(96,491,962.61)	(99,925,245.87)
Financial (expense) income	(1,317,144.17)	1,299,984.79
Depreciation of fixed assets	36,654,193.48	36,254,528.63
Financial expenses (income)	5,606,211.96	1,123,285.31
Amortization of intangible asstes	1,410,839.91	1,410,839.91
Amortization of subsidy	(1,284,120.00)	(1,284,120.00)
Amortization of long-term deferred expenses	19,098,631.23	43,666,680.50
Increase (decrease) in accrued expenses	(1,512,887.62)	–
Decrease in operating receivables	35,306,950.38	(54,245,423.06)
Increase in operating payables	(6,783,102.41)	72,028,935.48
Net cash outflow from operating activities	(9,312,389.85)	329,465.69

(2) Change in cash and cash equivalents

In RMB

Particulars	Years ended December 31,	
	2018	2017
Cash and cash equivalents at the end of the year	34,684,454.05	47,299,662.70
Less: Cash and cash equivalentsat the beginning of the year	47,299,662.70	24,283,407.72
Net increase / (decrease) in cash and cash equivalents	(12,615,208.65)	23,016,254.98

VIII. Related party relationships and transactions

(1) Related parties where a control relationship exists:

In RMB

Name of the Company	Registered country	Nature of business	Registered capital	Ratio	Voting ratio
Infosys Limited	India	Rendering of information technology consultation service and next-generation digital services	₹ 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
Infosys Technologies (China) Co. Limited	Controlled by the same parent company
Kallidus. Inc	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 ended December 31,	
	2018	2017
Sales		
Infosys Technologies (China) Co. Limited	229,878,613.01	210,163,454.14
Infosys Limited	73,293,694.82	46,400,702.03
Infosys Public Services Inc	432,501.07	498,203.10
	303,604,808.90	257,062,359.27
Purchases		
Infosys Technologies (China) Co. Limited	26,133,524.59	11,290,211.03
Infosys Limited	7,564,973.02	4,582,571.26
	33,698,497.61	15,872,782.29

(b) Loans and borrowings

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

In RMB

Particulars	Incurred amount in 2018	As at 31 December 2018	Incurred amount in 2017	As at 31 December 2017	Annual interest rate
	RMB	RMB	RMB	RMB	
Borrowings from					
Infosys Poland Sp. z o.o.	1,712,743.28	34,383,743.28	32,671,000.00	32,671,000.00	3.50%
Infosys Technologies (China) Co. Limited	–	15,000,000.00	15,000,000.00	15,000,000.00	6.00%
Infosys Technologies (China) Co. Limited	–	35,000,000.00	35,000,000.00	35,000,000.00	6.00%
	1,712,743.28	84,383,743.28	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 6.00% per annum, changed to 3.50% since January 1, 2018. The term of loan was 1 year. It was due in May 17, 2018, and was extended to May 17, 2019. The incurred amount in 2018 is the exchange rate impact.

In 2017, the Company borrowed from Infosys Technologies (China) Co. Limited RMB 15,000,000.00, bearing interest at 6.00% per annum. It was due in 11 May 2018 and was extended at the request of the lender. In 2017, the Company also borrowed from Infosys Technologies (China) Co. Limited RMB 35,000,000.00, bearing interest at 6.00% per annum. It was due in 27 July 2018, and was extended at the request of the lender.

In RMB

Particulars	Years ended December 31,	
	2018	2017
Interest expenses		
Infosys Poland Sp. z o.o.	1,202,780.25	1,267,455.76
Infosys Technologies (China) Co. Limited	3,000,000.00	1,490,958.91
	4,202,780.25	2,758,414.67

(c) Amounts due to/from related companies

In RMB

Accounts	Name of the related parties	2018	2017
Accounts receivable	Infosys Technologies (China) Co. Limited	26,730,978.47	59,090,477.70
	Infosys Limited	6,313,166.52	5,788,214.81
	Infosys Public Services Inc	–	75,191.70
		33,044,144.99	64,953,884.21
Accounts payable	Kallidus. Inc	–	19,261,526.54
	Infosys Technologies (China) Co. Limited	37,562,424.89	9,860,888.79
	Infosys Limited	5,867,757.64	4,688,514.77
		43,430,182.53	33,810,930.10
Other payable	Infosys Poland Sp. z o.o.	2,464,589.47	1,267,455.76
	Infosys Technologies (China) Co. Limited	4,490,958.91	1,490,958.91
		6,955,548.38	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 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 USD and INR. The Company's principal activities are settled in RMB. As at December 31, 2018, 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,	
	2018	2017
Cash and bank balances	5,880,843.28	6,463,120.45
Accounts receivable	7,662,526.37	5,863,406.51
Short-term loans	(34,383,743.28)	(32,671,000.00)
Interest payable	(2,464,589.47)	(1,267,455.76)
Accounts payable	(5,774,077.64)	(23,950,041.31)
	(29,079,040.74)	(45,561,970.11)

Credit risk

As at December 31, 2018, 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

Item		2018		2017	
	Changes in exchange rate	Effect on profit	Effect on owners' equity	Effect on profit	Effect on owners' equity
All foreign currencies	10% increase against RMB	(2,907,904.07)	(2,907,904.07)	(4,556,197.01)	(4,556,197.01)
All foreign currencies	10% increase against RMB	2,907,904.07	2,907,904.07	4,556,197.01	4,556,197.01

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

Particulars	As at December 31,	
	2018	2017
	RMB	RMB
Contracts for construction of building	–	4,225,881.84
Contracts for purchasing equipment	–	61,119.81
Contracts for leasehold improvement	1,165,399.10	416,525.24
	1,165,399.10	4,703,526.89

2. Operating lease commitments

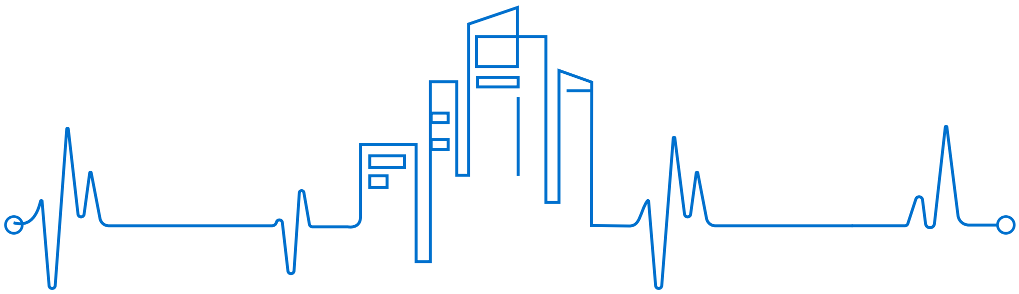
As of the balance sheet date, the Company had the following commitments in respect of non-cancellable operating leases:

In RMB

Particulars	As at December 31,	
	2018	2017
Within 1 year	2,997,517.52	2,891,298.05
1 to 2 years	2,429,414.23	2,997,517.52
Over 2 years	–	2,429,414.23
Total	5,426,931.75	8,318,229.80

XII. Comparative Data

Partial comparative data for 2017 in the financial statements has been reclassified according to the presentation format for 2018.



Infosys Tecnologia do Brasil Ltda.

Independent Auditor's 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 Tecnnologia do Brasil Ltda. ('the Company'), subsidiary company of Infosys Limited ('the Holding Company'), which comprise the Balance Sheet as at December 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 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.

Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, 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, 2018 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

Amrit Bhansali
Partner
Membership number: 065155

Bengaluru
May 3, 2019

Balance Sheet

In BRL

Particulars	Note no.	As at December 31, 2018	As at December 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	2,624,511	2,676,311
Capital work-in-progress		13,221	6,243
Financial assets			
Other financial assets	2.3	79,500	163,500
Deferred tax assets (net)	2.13	–	3,899,650
Income tax assets (gross)	2.13	26,752,943	15,643,505
Total non - current assets		29,470,175	22,389,209
Current assets			
Financial assets			
Trade receivables	2.4	35,664,752	24,592,010
Cash and cash equivalents	2.5	51,399,267	29,128,300
Loans	2.2	27,541,027	349,729
Other financial assets	2.3	22,524,355	20,152,621
Other current assets	2.6	11,718,632	10,116,298
Total current assets		148,848,033	84,338,958
Total assets		178,318,208	106,728,167
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.8	60,000,000	59,124,349
Other equity		34,382,148	3,977,188
Total equity		94,382,148	63,101,537
Liabilities			
Current liabilities			
Financial liabilities			
Borrowings	2.9	19,394,035	–
Trade payables	2.10	12,399,310	4,032,252
Other financial liabilities	2.11	19,773,888	11,370,076
Other current liabilities	2.12	30,995,748	23,994,133
Provisions	2.14	1,269,870	688,249
Income tax liabilities (gross)	2.13	103,209	3,541,920
Total current liabilities		83,936,060	43,626,630
Total equity and liabilities		178,318,208	106,728,167

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

Amrit Bhansali
Partner

Membership number: 065155

for and on behalf of the Board of Directors of Infosys Tecnnologia do Brasil Ltda.

Claudio Elsas
Legal Representative

Bengaluru
May 3, 2019

Statement of Profit and Loss

In BRL, except per equity share data and equity share data

Particulars	Note no.	Years ended December 31	
		2018	2017
Revenue from operations	2.15	148,578,478	132,756,543
Other income, net	2.16	621,792	1,972,565
Total income		149,200,271	134,729,108
Expenses			
Employee benefit expenses	2.17	99,969,633	78,604,296
Cost of technical sub-contractors		34,142,860	24,817,966
Travel expenses		2,888,987	1,572,986
Communication expenses		2,525,581	2,474,759
Consultancy and professional charges		3,034,193	2,008,391
Finance cost		99,964	–
Depreciation expense	2.1	2,048,072	1,614,902
Other expenses	2.18	38,700,719	7,612,405
Total expenses		183,410,010	118,705,705
(Loss)/ profit before tax		(34,209,740)	16,023,403
Tax expense			
Current tax	2.13	–	5,762,791
Deferred tax	2.13	3,899,650	(2,520,756)
(Loss)/Profit for the year		(38,109,389)	12,781,368
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/ (loss), net of tax		–	–
Total comprehensive income/ (loss) for the year		(38,109,389)	12,781,368
Earnings per equity share			
Equity shares of par value BRL 1/- each			
Basic and diluted (BRL)		(0.64)	0.22
Weighted average equity shares used in computing earnings per equity share			
Basic and diluted		59,181,926	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

for and on behalf of the Board of Directors of Infosys Tecnnologia do Brasil Ltda.

Amrit Bhansali
Partner
Membership number: 065155

Claudio Elsas
Legal Representative

Bengaluru
May 3, 2019

Statement of Changes in Equity

In BRL

Particulars	Equity share capital	Retained earnings	Share application pending alotment	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/ (loss) for the year	–	12,781,368	–	12,781,368
Balance as of December 31, 2017	59,124,349	3,977,188	–	63,101,537

Particulars	Equity share capital	Retained earnings	Share application pending allotment	Total equity attributable to equity holders of the Company
Balance as of January 1, 2018	59,124,349	3,977,188	–	63,101,537
Changes in equity for the year ended December 31, 2018				
Profit/ (loss) for the year	–	(38,109,389)	–	(38,109,389)
Proceeds from issuance of shares	875,651	–	68,514,349	69,390,000
Balance as of December 31, 2018	60,000,000	(34,132,201)	68,514,349	94,382,148

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

Amrit Bhansali
Partner
Membership number 065155

for and on behalf of the Board of Directors of Infosys Tecnnologia do Brasil Ltda.

Claudio Elsas
Legal Representative

Bengaluru
May 3, 2019

Statement of Cash Flows

In BRL

Particulars	Years ended December 31,	
	2018	2017
Cash flow from operating activities:		
(Loss)/Profit for the year	(38,109,389)	12,781,368
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation expense	2,048,072	1,614,902
Income tax expense	3,899,650	3,242,035
Impairment loss recognized/ (reversed) under expected credit loss model	27,297,627	(179,997)
Interest expense	99,964	–
Interest income	(621,792)	(1,841,992)
Others	425,659	352,355
Profit/ (loss) on sale of asset	3,202	(130,573)
Changes in assets and liabilities		
Trade receivables and unbilled revenue	(41,500,104)	(16,463,759)
Loans and other financial assets and other assets	(760,333)	(331,704)
Trade payables	8,367,058	1,222,092
Other financial liabilities, other liabilities and provisions	15,461,425	7,695,317
Cash generated from operations	(23,388,961)	7,960,044
Income taxes paid	(14,548,149)	(9,467,230)
Net cash (used in)/ generated by operating activities	(37,937,110)	(1,507,186)
Cash flow from investing activities:		
Expenditure on property, plant and equipment and capital work in progress	(2,006,452)	(111,314)
Loans to employees	(191,298)	(15,580)
Loan to related party	(27,000,000)	–
Interest received on investments	621,792	2,484,341
Net cash generated/ (used in) by investing activities	(28,575,958)	2,357,447
Cash flow from financing activities:		
Loan from related party	19,394,035	–
Proceeds from issuance of shares	875,651	–
Proceeds from share application money received	68,514,349	–
Net cash generated by financing activities	88,784,035	–
Effect of exchange differences on translation of foreign currency cash and cash equivalents	–	–
Net increase in cash and cash equivalents	22,270,967	850,261.00
Cash and cash equivalents at the beginning of the year	29,128,300	28,278,039
Cash and cash equivalents at the end of the year	51,399,267	29,128,300

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 Infosys Tecnnologia do Brasil Ltda.

Amrit Bhansali
Partner
Membership number 065155

Claudio Elsas
Legal Representative

Bengaluru
May 3, 2019

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.

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.

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 Brazilain 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 and others

The Company provides its clients with a fixed-period post sales support for corrections of errors and support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in 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
Lease hold improvement[(1)]	Over the lease term

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.

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 amortised 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.

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, 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.

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.

1.21 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
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach).

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

The Company will adopt the standard on January 1, 2019 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended December 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

2 Notes to the financial statements for the year ended December 31, 2018

2.1 Property, plant and equipment

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

In BRL

Particulars	Leasehold improvement	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2018	–	1,496,265	411,087	6,795,529	5,992,135	14,695,016
Additions during the year	1,160,208	6,243.00	74,768	564,155	194,099.00	1,999,474
Deletions during the year	–	–	(2,998)	0	(316,710)	(319,708)
Gross carrying value as of December 31, 2018	1,160,208	1,502,508	482,857	7,359,684	5,869,524	16,374,781
Accumulated depreciation as of January 1, 2018		(1,322,206)	(300,627)	(5,426,759)	(4,969,113)	(12,018,705)
Depreciation charge for the year	(136,292)	(92,376)	(63,035)	(1,258,197)	(498,172)	(2,048,072)
Accumulated depreciation on deletions		–	2,781	–	313,725	316,506
Accumulated depreciation as of December 31, 2018	(136,292)	(1,414,582)	(360,881)	(6,684,956)	(5,153,560)	(13,750,271)
Carrying value as of December 31, 2018	1,023,916	87,926	121,978	674,728	715,964	2,624,511

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

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 during the year	–	24,320	219,920	–	244,240
Deletions during the year	–	–	(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 charge for the year	(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 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,	
	2018	2017
Current		
Unsecured, considered good		
Loan to related party	27,000,000	-
Loan to employees	541,027	349,729
	27,541,027	349,729
[(1)] Includes dues from related parties (Refer to Note 2.20)	27,000,000	-

2.3 Other financial assets

In BRL

Particulars	As at December 31,	
	2018	2017
Non-current		
Security deposits	–	84,000
Rental deposits	79,500	79,500
	79,500	163,500
Current		
Unbilled revenues	21,582,356	18,452,621
Interest accrued but not due	22,192	1,321,094
Others [(1)]	919,807	378,906
	22,524,355	20,152,621
	22,603,855	20,316,121
Financial assets carried at amortized cost	22,603,855	20,316,121
[(1)] Includes dues from related parties (Refer to Note 2.20)	876,711	306,683

2.4 Trade Receivables

In BRL

Particulars	As at December 31,	
	2018	2017
Current		
Unsecured		
Considered good [(1)]	35,664,752	24,592,010
Considered doubtful	27,729,587	444,690
	63,394,339	25,036,700
Less: Allowances for credit losses	27,729,587	444,690
	35,664,752	24,592,010
[(1)] Includes dues from related party (Refer to Note 2.20)	8,694,143	3,592,667

2.5 Cash and cash equivalents

In BRL

Particulars	As at December 31,	
	2018	2017
Balances with bank		
In current and deposit accounts	51,399,267	29,128,300
	51,399,267	29,128,300
Deposit with more than 12 months maturity	–	11,000,000

2.6 Other assets

In BRL

Particulars	As at December 31,	
	2018	2017
Current		
Prepaid expenses [(1)]	760,659	452,134
Withholding taxes and others	10,957,973	9,664,164
	11,718,632	10,116,298
[(1)] Includes dues from related parties (Refer to Note 2.20)	–	175,631

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	Carrying value as on December 31,	
	2018	2017
Assets		
Cash and cash equivalents (Refer to Note 2.5)	51,399,267	29,128,300
Trade receivables (Refer to Note 2.4)	35,664,752	24,592,010
Loans (Refer to note 2.2)	27,541,027	349,729
Other financial assets (Refer to Note 2.3)	22,603,855	20,316,121
Total	137,208,901	74,386,160
Liabilities		
Borrowings (Refer to Note 2.9)	19,394,035	–
Trade payables (Refer to Note 2.10)	12,399,310	4,032,252
Other financial liabilities (Refer to Note 2.11)	13,762,958	5,952,283
Total	45,556,303	9,984,535

All the above financials instrumnets 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 monetary assets and liabilities as of December 31, 2018:

In BRL

Particulars	USD	EUR	Other Currency	Total
Trade receivables	5,334,693	158,736	–	5,493,429
Other financials assets (including loans)	538,362	40,722	7,725	586,809
Trade payables	(441,387)	–	(65,558)	(506,944)
Other financial liabilities	(19,430,732)	(1,562)	(407,906)	(19,840,200)
Net assets/ (liabilities)	(13,999,063)	197,896	(465,738)	-14,266,906

The following table analyzes foreign currency risk from monetary assets and liabilities as of December 31, 2017:

In BRL

Particulars	USD	EUR	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

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 35,664,752 and BRL 24,592,010 as of December 31, 2018 and December 31, 2017, respectively and unbilled revenue amounting to BRL 21,582,356 and BRL 18,452,621 as of December 31, 2018 and December 31, 2017, respectively. Credit risk has always been managed by the company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the company's historical experience for customers.

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,	
	2018	2017
Revenue from top customer	17.4%	23.9%
Revenue from top five customers	57.5%	70.3%

Credit risk exposure

The allowances for lifetime expected credit loss on customer balances for the year ended December 31, 2018 was BRL 27,297,627 and the reversal for the life time expected credit loss on customer balances for the year ended December 31, 2017 was BRL 179,997.

In BRL

Particulars	Years ended December 31,	
	2018	2017
Balance at the beginning	444,690	710,963
Impairment loss (reversal)	27,297,627	(179,997)
Amounts written off	–	–
Translation differences	(12,730)	(86,276)
Balance at the end	27,729,587	444,690

Liquidity risk

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations.

The borrowings stands at BRL 19,394,035 as at December 31, 2018 and NIL borrowings at December 31, 2017.

As of December 31, 2018, the Company had a working capital of BRL 64,911,972 including cash and cash equivalents of BRL 51,399,267. 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.

2.8 Equity

Equity share capital

in BRL, except as otherwise stated

Particulars	As at December 31,	
	2018	2017
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-op		
Equity shares, BRL 1 par value	60,000,000	59,124,349
60,000,000 (59,124,349 [(1)]) equity shares fully paid-up		
	60,000,000	59,124,349

(1) Represents number of shares as of December 31, 2017

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, 2018		As at December 31, 2017	
	Number of shares	% held	Number of shares	% held
Infosys Limited	6,00,00,000	100.00	5,91,24,349	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, 2018		As at December 31, 2017	
	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
Add: Shares issued during the year	875,651	875,651	–	–
Number of shares at the end of the period	60,000,000	60,000,000	59,124,349	59,124,349

2.9 Borrowings

In BRL

Particulars	As at December 31,	
	2018	2017
Current		
Unsecured loan from fellow subsidiary	19,394,035	–
	19,394,035	–

The Loan was borrowed from Infosys Poland Sp. Z o.o on November 12, 2018 for 9 months at interest rate of 4%. (Refer to Note 2.20)

2.10 Trade payables

In BRL

Particulars	As at December 31, 2018	As at December 31, 2017
Trade payables [(1)]	12,399,310	4,032,252
	12,399,310	4,032,252
[(1)]Includes dues to related parties (Refer to Note 2.20)	10,433,447	3,115,188

2.11 Other financial liablities

In BRL

Particulars	As at December 31, 2018	As at December 31, 2017
Current		
Accrued compensation to employees [(1)]	8,840,249	3,400,666
Accrued expenses [(1)]	1,830,793	1,349,536
Compensated absences	6,010,931	5,417,793
Other payables [(1)] [(2)]	2,991,952	1,202,081
Interest accrued but not due	99,964	–
	19,773,888	11,370,076
[(1)] Financial liability carried at amortized cost	13,762,958	5,952,283
[(2)] Includes dues to related parties (Refer to Note 2.20)	3,057,324	1,202,081

2.12 Other liabilities

In BRL

Particulars	As at December 31, 2018	As at December 31, 2017
Current		
Unearned revenue	3,284,036	3,229,190
Withholding taxes and others	27,711,712	20,764,943
	30,995,748	23,994,133

2.13 Provisions

In BRL

Particulars	As at December 31, 2018	As at December 31, 2017
Current		
Post-sales client support and others	1,269,870	688,249
	1,269,870	688,249

2.14 Income taxes

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

In BRL

Particulars	Years ended December 31, 2018	Years ended December 31, 2017
Current taxes	–	5,762,791
Deferred taxes	3,899,650	(2,520,756)
Income tax expense	3,899,650	3,242,035

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

In BRL

Particulars	Years ended December 31, 2018	Years ended December 31, 2017
Profit before income taxes	(34,209,740)	16,023,403
Enacted tax rates in Brazil	34%	34%
Computed expected tax expense	11,631,312)	5,447,957
Effect of non-deductible expenses	3,899,650	287,718
Effect of unrecognized deferred tax assets on loss	11,631,312	(309,624)
Tax provision /(reversal), overseas and domestic	–	(2,184,016)
Income tax expense	3,899,650	3,242,035

The applicable Brazilian statutory tax rate for the years ended December 31, 2018 and December 31, 2017 is 34%.

The details of income tax assets and income tax liabilities as of December 31, 2018 and December 31, 2017 is as follows:

In BRL

Particulars	As at December 31, 2018	As at December 31, 2017
Income tax assets	26,752,943	15,643,505
Current income tax liabilities	103,209	3,541,920
Net current income tax assets/ (liability) at the end	26,649,734	12,101,585

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

In BRL

Particulars	Years ended December 31, 2018	Years ended December 31, 2017
Net current income tax asset/ (liability) at the beginning	12,101,585	8,397,146
Income tax paid	14,548,149	9,467,230
Current income tax expense	–	(5,762,791)
Net current income tax asset/ (liability) at the end	26,649,734	2,101,585

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, 2018	As at December 31, 2017
Deferred income tax assets		
Property, plant and equipment	–	1,078,001
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
Deferred income tax liabilities		

Particulars	As at December 31,	
	2018	2017
Total deferred income tax liabilities	–	–
Deferred income tax assets after set off	–	3,899,650

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, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, the Management believes that the company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

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

Particulars	Years ended December 31,	
	2018	2017
Net deferred income tax asset at the beginning	3,899,650	1,378,894
Credits / (charge) relating to temporary differences	(3,899,650)	2,520,756
Net deferred income tax asset at the end	–	3,899,650

The charge relating to temporary differences during the year ended December 31, 2018 are primarily on account of property plant and equipment and compensated absence. The credits relating to temporary differences during the year ended December 31, 2017 are primarily on account of property plant and equipment and compensated absences.

2.15 Revenue from operations

In BRL

Particulars	Years ended December 31,	
	2018	2017
Income from software services	148,578,478	132,756,543
	148,578,478	132,756,543

2.16 Other income

In BRL

Particulars	Years ended December 31,	
	2018	2017
Interest received on financial assets		
Deposit with bank and others	599,600	1,841,992
Interest income on loan to subsidiary	22,192	–
Profit on sale of assets	–	130,573
	621,792	1,972,565

2.17 Employee benefit expenses

In BRL

Particulars	Years ended December 31,	
	2018	2017
Employee benefit expenses		
Salaries including bonus	99,608,173	78,065,918
Staff welfare	361,460	538,378
	99,969,633	78,604,296

2.18 Other expenses

In BRL

Particulars	Years ended December 31,	
	2018	2017
Other expenses		
Power and fuel	95,180	140,441
Brand and Marketing	99,813	398,953
Operating lease payments	2,392,680	1,333,775
Rates and taxes	1,698,432	2,907,085
Repairs and Maintenance	2,212,434	1,505,401
Consumables	271,022	22,222
Insurance	232,472	158,552
Provision for post-sales client support and others	425,659	352,355
Provision/ (Reversal) for credit losses on financial assets	27,297,627	(179,997)
Cost of software for own use	2,069,443	596,480
Exchange gains/(losses) on translation of assets and liabilities	1,675,591	205,701
Loss on sale of assets	3,202	–
Others	227,164	171,437
	38,700,719	7,612,405

2.19 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the year is as under:

In BRL

Particulars	Years ended December 31,	
	2018	2017
Lease rentals recognized during the year	2,392,680	1,333,775

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

In BRL

Particulars	As at December 31,	
Future minimum lease payable	2018	2017
Not later than 1 year	3,503,266	2,209,364
Later than 1 year and not later than 5 years	4,573,020	2,834,959

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.

2.20 Related party transactions

List of related parties

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

Name of the fellow 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 Nova Holdings LLC. (Infosys Nova)	US
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH(1) (formerly Lodestone Management Consultants GmbH)	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	US
Infosys Chile SpA(2)	Chile
Infosys Arabia Limited(3)	Saudi Arabia
Infosys Consulting Ltda.(3)	Brazil
Infosys CIS LLC(1)(22)	Russia
Infosys Luxembourg S.a.r.l (1)(17)	Luxembourg
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 Inc(23)	Canada
Infosys Canada Public Services Ltd(24)	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o.(5)	Czech Republic
Infosys 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)	Switzerland
Lodestone Management Consultants Inc.(6)(15)	US
Infosys Management Consulting Pty Limited(6)	Australia
Infosys Consulting AG(6)	Switzerland
Infosys Consulting GmbH(6)	Germany
Infosys Consulting SAS(6)	France

Name of the fellow subsidiary	Country
Infosys Consulting s.r.o.[(6)]	Czech Republic
Lodestone Management Consultants Co., Ltd.[(6)]	China
Infy Consulting Company Ltd[(6)]	UK
Infy Consulting B.V.[(6)]	The Netherlands
Infosys Consulting Sp. z.o.o[(6)]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [(6)]	Portugal
S.C. Infosys Consulting S.R.L.[(6)]	Romania
Infosys Consulting S.R.L.[(6)]	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)[(7)]	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd.[(8)]	Israel
Panaya GmbH[(8)]	Germany
Panaya Japan Co. Ltd[(4)(8)]	Japan
Noah Consulting LLC (Noah)[(9)]	US
Noah Information Management Consulting Inc. (Noah Canada)[(10)]	Canada
Brilliant Basics Holdings Limited (Brilliant Basics)[(11)]	UK
Brilliant Basics Limited[(12)]	UK
Brilliant Basics (MENA) DMCC[(12)]	Dubai
Infosys Consulting Pte Limited (Infosys Singapore)[(1)]	Singapore
Infosys Middle East FZ LLC[(13)]	Dubai
Fluido Oy[(13)(18)]	Finland
Fluido Sweden AB (Extero)[(19)]	Sweden
Fluido Norway A/S[(19)]	Norway
Fluido Denmark A/S[(19)]	Denmark
Fluido Slovakia s.r.o[(19)]	Slovakia
Fluido Newco AB[(19)]	Sweden
Infosys Compaz PTE. Ltd (formerly Trusted Source Pte. Ltd) [(13)(20)]	Singapore
Infosys South Africa (Pty) Ltd[(13)(21)]	South Africa
WongDoody Holding Company Inc. (WongDoody) [(14)]	US
WDW Communications, Inc[(16)]	US
WongDoody, Inc[(16)]	US

(1) Wholly-owned subsidiary of Infosys Limited

(2) Incorporated effective November 20, 2017

(3) Majority owned and controlled subsidiary of Infosys Limited

(4) Under liquidation

(5) Wholly-owned subsidiary of Infosys BPM

(6) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(7) Majority owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(8) Wholly-owned subsidiary of Panaya Inc.

(9) Liquidated effective November 9, 2017

(10) Wholly-owned subsidiary of Noah. Liquidated effective December 20, 2017

(11) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holding Limited

(12) Wholly-owned subsidiary of Brilliant Basics Holding Limited.

(13) Wholly-owned subsidiary of Infosys Consulting Pte Ltd

(14) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody

(15) Liquidated effective May 17, 2018

(16) Wholly-owned subsidiary of WongDoody

(17) Incorporated effective August 6, 2018

(18) On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries

(19) Wholly-owned subsidiary of Fluido Oy

(20) On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd

(21) Incorporated effective December 19,2018

(22) Incorporated effective November 29, 2018

(23) Incorporated effective November 27, 2018, wholly-owned subsidiary Infosys Public Services Inc

(24) Liquidated effective May 9, 2017, wholly-owned subsidiary Infosys Public Services Inc

Associate

DWA Nova LLC, an associate of Infosys Limited has been liquidated w.e.f November 17, 2017

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

Particulars	As at December 31,	
	2018	2017
Trade receivables		
Infosys Limited	395,526	501,714
Infosys Consulting Ltda.	8,298,617	3,090,953
	8,694,143	3,592,667
Prepaid and other financial assets		
Infosys Limited	134,042	53,296
Infosys BPM Limited	–	45,777
Infosys Consulting Ltda.	732,628	207,610
Infosys Technologies S. de R. L. de C. V.	10,041	–
	876,711	306,683
Other current assets		
Panaya Limited	–	175,631
	–	175,631
Trade payables		
Infosys Limited	399,440	133,737
Infosys Consulting Ltda.	9,535,337	2,448,810
Infosys Technologies S. de R. L. de C. V.	–	69,419
Infosys Consulting S.R.L.	410,773	383,931
Infy Consulting Company Ltd.	87,897	79,291
	10,433,447	3,115,188
Other financial liabilities		
Panaya Limited	10,951	270,974
Infosys Technologies S. de R. L. de C. V.	10,041	–
Infosys Consulting Ltda.	2,512,645	786,039
Infosys Limited	423,722	145,068
Infosys Poland Sp. Z o.o	99,964	–
	3,057,324	1,202,081
Others-Share application pending alotment		
Infosys Limited	68,514,349	–
	68,514,349	–
Borrowings from related party		
Infosys Poland Sp. Z o.o	19,394,035	–
	19,394,035	–
Loan to related party	27,000,000	–
Infosys Consulting Ltda.	27,000,000	–

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

In BRL

Particulars	Years ended December 31,	
	2018	2017
Revenue Transactions:		
Purchase of services		
Infosys Consulting Ltda.	24,148,528	13,782,331
Infosys Consulting AG	–	(266,872)
Infosys Technologies S. de R. L. de C. V.	–	354,007
Infosys Limited	2,226,283	4,302,308
Panaya Ltd.	186,192	511,625
Infosys Consulting S.R.L.	239,312	402,724
Infy Consulting Company Ltd.	–	77,140
	26,800,315	19,163,263
Sale of services		
Infosys Consulting Ltda.	8,081,631	5,124,685

Particulars	Years ended December 31,	
	2018	2017
Infosys Limited	6,514,785	5,981,366
	14,596,416	11,106,051
Purchase of shared services including facilities and personnel		
Infosys Limited	3,755	46,116
Infosys Consulting Ltda.	4,948,027	4,344,213
	4,951,782	4,390,329
Sale of shared services including facilities and personnel		
Infosys Consulting Ltda	879,153	1,402,495
	879,153	1,402,495
Other income(Interest on loan to related party)		
Infosys Consulting Ltda.	22,192	–
	22,192	–
Other expense(Interest on loan from related party)		
Infosys Poland Sp. Z o.o	99,964	–
	99,964	–

2.21 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.

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Infosys Nova Holdings LLC

Independent Auditor's Report

To the Members of Infosys Nova Holding LLC

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys Nova Holding LLC ('the Company'), which comprises the Balance sheet as at December 31, 2018, 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 notes to the financial statement including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'Ind AS financial statements').

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, 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's 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 issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the Code of Ethics.

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.

Responsibilities of Management's and those Charged with Governance for the Financial Statement

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other Comprehensive Income, Cash Flows, and Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

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.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objective 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

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 registration number: 006673S

M. Rathnakar Kamath
Partner
Membership number: 202841

Bengaluru
January 9, 2019

Balance Sheet

In US$

Particulars	Note no.	As at December 31, 2018	As at December 31, 2017
ASSETS			
Non-current assets			
Investments in associate	2.1	–	–
Total non-current assets		–	–
Total assets		–	–
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.2	15,000,000	15,000,000
Other equity		(15,000,000)	(15,000,000)
Total equity		–	–
Total equity and liabilities		–	–

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, 2019

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,	
		2018	2017
Other income, net	2.3	–	(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, 2019

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, 2017	15,000,000	–	15,000,000
Changes in equity for the year ended December 31, 2017			
Profit/ (loss) for the year	–	(15,000,000)	(15,000,000)
Balance as of December 31, 2017	15,000,000	(15,000,000)	–
Changes in equity for the year ended December 31, 2018	–	–	–
Profit/ (loss) for the year	–	–	–
Balance as of December 31, 2018	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, 2019

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,	
	2018	2017
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	–	–
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, 2019

for and on behalf of the Board of Directors of
Infosys Nova Holdings LLC

A. G. S. Manikantha
Authorized Signatory

Notes to the Financial Statements

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 Companies (Indian Accounting Standards) Amendment Rules, 2016. 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.

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 Dollar. These financial statements are presented in US Dollar.

Transactions and translations

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

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

1.6 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.

1.8 Recent accounting pronouncements

Appendix B to Ind AS 21 - Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs (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, MCA 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.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach).

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

The Company will adopt the standard on January 1, 2019 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended December 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

2.1 Investments

In US$

Particulars	As at December 31,	
	2018	2017
Non-current investments		
Unquoted		
Long-term investments - at cost		
Investments in equity instruments of associates		
DWA Nova LLC[1]	–	–
Total non-current investments	–	–

[1] During the year ended December 31, 2017, the Company has written down the entire carrying value of the investment in its associate DWA Nova LLC amounting to US$15,000,000.

2.2 Equity

Equity share capital

In US$

Particulars	As at December 31,	
	2018	2017
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 follows:

Name of the shareholder	As at December 31,	
	2018	2017
Infosys Limited	100%	100%

2.3 Other income

In US$

Particulars	Years ended December 31,,	
	2018	2017
Investment written off	–	(15,000,000)
Total other income	–	(15,000,000)

2.4 Related party transactions

List of related parties

Name of the holding company	Country
Infosys Limited	India

List of fellow subsidiaries

Name of the subsidiary companies	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
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH[1] (formerly Lodestone Management Consultants GmbH)	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	U.S.
Infosys Chile SpA[2]	Chile
Infosys Arabia Limited[3]	Saudi Arabia
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) [3]	Brazil
Infosys CIS LLC[1][22]	Russia
Infosys Luxembourg S.a.r.l [1][17]	Luxembourg
Infosys Americas Inc., (Infosys Americas)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)[4]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.
Infosys Canada Public Services Inc[23]	Canada
Infosys Canada Public Services Ltd[24]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India

Name of the subsidiary companies	Country
Infosys (Czech Republic) Limited 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]	U.S.
Portland Group Pty Ltd[5]	Australia
Infosys BPO Americas LLC.[5]	U.S.
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland
Lodestone Management Consultants Inc.[6][15]	U.S.
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 Co., Ltd.[6]	China
Infy Consulting Company Ltd (formerly Lodestone Management Consultants Ltd.) [6]	U.K.
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
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)[7]	Belgium
Panaya Inc	U.S.
Panaya Japan Co. Ltd[4][8]	Japan
Panaya Ltd.[8]	Israel
Panaya GmbH[8]	Germany
Noah Consulting LLC (Noah)[9]	U.S.
Noah Information Management Consulting Inc. (Noah Canada)[10]	Canada
Brilliant Basics Holdings Limited (Brilliant Basics)[11]	U.K.
Brilliant Basics Limited[12]	U.K.
Brilliant Basics (MENA) DMCC[12]	Dubai
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[13]	Dubai
Fluido Oy[13][18]	Finland
Fluido Sweden AB (Extero)[19]	Sweden
Fluido Norway A/ S[19]	Norway
Fluido Denmark A/ S[19]	Denmark
Fluido Slovakia s.r.o[19]	Slovakia
Fluido Newco AB[19]	Sweden
Infosys Compaz PTE. Ltd (formerly Trusted Source Pte. Ltd) [13][20]	Singapore
Infosys South Africa (Pty) Ltd[13][21]	South Africa
WongDoody Holding Company Inc. (WongDoody) [14]	U.S.
WDW Communications, Inc[16]	U.S.
WongDoody, Inc[16]	U.S.

(1) Wholly-owned subsidiary of Infosys Limited
(2) Incorporated effective November 20, 2017
(3) Majority-owned and controlled subsidiary of Infosys Limited
(4) Under liquidation
(5) Wholly-owned subsidiary of Infosys BPM
(6) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(8) Wholly-owned subsidiary of Panaya Inc.
(9) Liquidated effective November 9, 2017
(10) Wholly-owned subsidiary of Noah. Liquidated effective December 20, 2017
(11) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holding Limited
(12) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(13) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(14) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
(15) Liquidated effective May 17, 2018
(16) Wholly-owned subsidiary of WongDoody
(17) Incorporated effective August 6, 2018

[18] On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries

[19] Wholly-owned subsidiary of Fluido Oy

[20] On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd

[21] Incorporated effective December 19,2018

[22] Incorporated effective November 29, 2018

[23] Incorporated effective November 27, 2018, wholly owned subsidiary Infosys Public Services Inc

[24] Liquidated effective May 9, 2017, wholly owned subsidiary Infosys Public Services Inc

Name of the associate	Country	Holding as at December 31,	
		2018	2017
DWA Nova LLC[1]	U.S.	–	–

[1] Associate of Infosys Nova LLC. Subsequently, DWA Nova LLC, has been liquidated w.e.f November 17, 2017.

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EdgeVerve Systems Limited

Independent Auditor's Report

To the Members of EdgeVerve Systems Limited

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of EdgeVerve Systems Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2019, 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 ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the financial statements').

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 Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's 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 issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and, Corporate Governance, but does not include the financial statements and our auditor's report thereon.

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 during the course of our 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.

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 Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the 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.

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 Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 relevant books of account.
   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 including derivative 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 (Auditor's 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 10, 2019

Annexure A to the Independent Auditor's 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, 2019 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 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, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's 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 auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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 unauthorised 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, 2019, 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
April 10, 2019

Annexure B to the Independent Auditor's 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 3 (i) (c) of the Order is not applicable.

ii. The Company is in the business of sale of software licenses and providing related software services. The Company 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. 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 public deposits during the year and does not have any unclaimed deposits as at March 31, 2019 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, Goods and Service Tax, Customs 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, Goods and Service Tax, duty of Customs, Cess and other material statutory dues in arrears as at March 31, 2019 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, 2019 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 (in ₹ lakhs)
The Income Tax Act 1961	Income Tax	Appellate Tribunal	A.Y. 2016 -17	8
		Appellate Authority up to Commissioner's Level	A.Y. 2019 - 20	-*

*indicates less than 1 lakh

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 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 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's registration number: 117366W/W-100018

Gurvinder Singh
Partner
Membership number: 110128

Bengaluru
April 10, 2019

Balance Sheet

In ₹ lakh

Particulars	Note no.	As at March 31, 2019	As at March 31, 2018
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	2.1	4,599	4,552
Financial assets			
Loans	2.3	8	16
Other financial assets	2.4	3,800	5,690
Deferred tax assets (net)	2.14	1,191	1,631
Other non-current assets	2.7	1,351	1,457
Income tax assets (net)	2.14	22,696	19,120
Total non-current assets		33,645	32,466
CURRENT ASSETS			
Financial assets			
Investments	2.2	1,001	4,263
Trade receivables	2.5	13,186	11,660
Cash and cash equivalents	2.6	8,070	3,810
Loans	2.3	443	521
Other financial assets	2.4	25,800	27,661
Other current assets	2.7	14,693	7,650
Total current assets		63,193	55,565
Total assets		96,838	88,031
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	2.9	1,31,184	1,31,184
Other equity		(2,30,044)	(2,70,917)
Total equity		(98,860)	(1,39,733)
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities			
Other financial liabilities	2.10	1,48,273	1,83,659
Other non-current liabilities	2.12	396	416
Total non-current liabilities		1,48,669	1,84,075
CURRENT LIABILITIES			
Financial liabilities			
Trade payables	2.11		
Total outstanding dues of micro enterprises and small enterprises		–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		2,324	9,163
Other financial liabilities	2.10	28,496	21,841
Other current liabilities	2.12	15,858	11,749
Provisions	2.13	351	936
Total current liabilities		47,029	43,689
Total equity and liabilities		96,838	88,031

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

Sanat Rao
Whole-time Director

Atul Soneja
Whole-time Director

Bengaluru
April 10, 2019

Srinivasan Rajam
Director

Rajesh Kini
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, 2019	Years ended March 31, 2018
Revenue from operations	2.15	2,53,831	2,43,915
Other income, net	2.16	380	1,153
Total Income		2,54,211	2,45,068
Expenses			
Employee benefit expenses	2.17	75,212	82,161
Cost of technical sub-contractors		45,264	39,278
Travel expenses	2.17	12,700	11,816
Cost of software packages and others	2.17	19,200	22,458
Consultancy and professional charges		10,248	10,508
Depreciation expense	2.1	2,234	2,562
Finance cost		14,108	15,580
Other expenses	2.17	14,860	15,296
Total expenses		1,93,826	1,99,659
Profit before tax		60,385	45,409
Tax expense:			
Current tax	2.14	19,398	14,479
Deferred tax	2.14	441	(264)
Profit for the year		40,546	31,194
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability/asset		327	585
Items that will be reclassified subsequently to profit or loss		–	–
Total other comprehensive income, net of tax		327	585
Total comprehensive income for the year		40,873	31,779
Earnings per equity share			
Equity shares of par value of ₹ 10 each			
Basic and diluted (₹)		3.09	2.38
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

Sanat Rao
Whole-time Director

Atul Soneja
Whole-time Director

Bengaluru
April 10, 2019

Srinivasan Rajam
Director

Rajesh Kini
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Statement of Changes in Equity

In ₹ lakh

Particulars	Equity share capital	Other equity				Total
		Reserve and surplus			Other comprehensive income	
		Retained earnings	Debenture redemption reserve [(1)]	Capital reserve		
				Business transfer adjustment reserve [(2)]		
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)
Balance as of April 1, 2018	1,31,184	25,810	48,750	(3,44,760)	(717)	(1,39,733)
Changes in equity for the year ended March 31, 2019						–
Transfer to debenture redemption reserve	–	–	–	–	–	–
Transfer from retained earnings	–	–	–	–	–	–
Remeasurement of the net defined benefit liability/ asset, net of tax effect	–	–	–	–	327	327
Profit for the year	–	40,546	–	–	–	40,546
Balance as of March 31, 2019	1,31,184	66,356	48,750	(3,44,760)	(390)	(98,860)

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

(2) Transfer of goodwill and intangible assets between entities under common control taken to Business Transfer Adjustment Reserve.

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
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Sanat Rao
Whole-time Director

Atul Soneja
Whole-time Director

Bengaluru
April 10, 2019

Srinivasan Rajam
Director

Rajesh Kini
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Statement of Cash Flows

Accounting policy

Cash flows are reported using the indirect method, where by 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. The Company considers all highly liquid investments that are readily convertible to known amount of cash to be cash equivalents.

In ₹ lakh

Particulars	Years ended March 31,	
	2019	2018
Cash flow from operating activities		
Profit for the year	40,546	31,194
Adjustments to reconcile net profit to net cash generated by operating activities		
Depreciation	2,234	2,562
Income tax expense	19,839	14,215
Impairment loss recognized on financial assets	162	20
Provision/ (reversal) for post-sales client support and others	(684)	934
Loss on sale of fixed assets	45	28
Finance cost	14,108	15,580
Interest income	(434)	(469)
(Gain)/ Loss on investments	(413)	(489)
Exchange difference on translation of assets and liabilities	(25)	293
Changes in assets and liabilities		
Trade receivables and unbilled revenue	(7,280)	1,718
Other financial assets and other assets	2,411	(6,228)
Trade payables	(7,658)	9,060
Other financial liabilities, other liabilities and provisions	9,284	8,997
Cash generated from operations	72,135	77,415
Income taxes paid	(22,974)	(23,042)
Net cash generated by operating activities	49,161	54,373
Cash flow from investing activities		
Expenditure on property, plant and equipment	(1,507)	(1,724)
Loans to employees	86	117
Payments to acquire financial assets		
Liquid mutual fund units	(1,14,067)	(1,37,708)
Proceeds on sale of financial assets		
Liquid mutual fund units	1,17,741	1,36,875
Interest and dividend received on investments	429	490
Net cash generated/ used in investing activities	2,682	(1,950)
Cash flow from financing activities		
Debentures repaid to holding company	(33,500)	(34,900)
Payment of interest on debentures	(14,108)	(15,580)
Net cash used in financing activities	(47,608)	(50,480)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	25	(293)
Net increase/ (decrease) in cash and cash equivalents	4,260	1,650
Cash and cash equivalents at the beginning of the year	3,810	2,160
Cash and cash equivalents at the end of the year	8,070	3,810
Supplementary information		
Restricted cash balance	19	19

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 10, 2019

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

D. N. Prahlad *Chairman*	Sanat Rao *Whole-time Director*	Atul Soneja *Whole-time Director*
Srinivasan Rajam *Director*	Rajesh Kini *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 August 1, 2015, 'Finacle' and 'Edge services' business of Infosys Limited was transferred to the Company. The purchase consideration for the transfer was discharged by way of issue and allotment of equity shares and non-convertible unsecured debentures.

The financial statements are approved by the Company's Board of Directors on April 10, 2019.

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.

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 year end figures are taken from the source and rounded to the nearest digit, the figures already reported for the previous quarters might not always add up to the year figures reported in this statements.

1.3 Use of estimates and judgments

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. 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.

Further, the Company uses significant judgments while determining the transaction price allocated to performance obligations using the expected cost plus margin approach.

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

Property, plant and equipment represents a significant portion of 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 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 (Refer to Note 2.1).

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

1.6 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.

1.7 Borrowing costs

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

1.8 Recent accounting pronouncements

Ind AS 116 - Leases: On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 - Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 - Leases and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective: Retrospectively to each prior period presented applying Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified retrospectiv: Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application either by:

  Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:
- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application. or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ending or ended March 31, 2019 and March 31, 2018 will not be retrospectively adjusted.

The effect of adoption as on transition date would be an increase in right of use asset in the range of ₹ 9,000 to ₹ 12,000 lakh, an increase in lease liability by ₹ 10,000 to ₹ 14,000 lakh. The Company has elected certain available practical expedients on transition.

Ind AS 12 Appendix C - Uncertainty over Income Tax Treatments: On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 12 Appendix C - Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

i) Full retrospective approach: Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight, and

ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 - Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the financial statements.

Amendment to Ind AS 12 – Income taxes: On March 30, 2019, the MCA issued amendments to the guidance in Ind AS 12 - Income Taxes, in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment in the financial statements.

Amendment to Ind AS 19 – Plan amendment, curtailment or settlement: On March 30, 2019, the MCA issued amendments to Ind AS 19 - Employee Benefits, in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is evaluating the effect of this amendment in the financial statements and the impact is not expected to be material.

2.1 Property, plant and equipment

Accounting policy

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	5 years
Leasehold improvements	Over lease term

[(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.

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in 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.

Impairment

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.

The changes in the carrying value of property, plant and equipment for the year ended March 31, 2019 are as follows:

In ₹ lakh

Particulars	Leasehold Improvements	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of April 1, 2018	–	18	164	9,389	84	9,655
Additions	26	–	18	2,216	75	2,335
Deletions	–	–	–	(530)	–	(530)
Gross carrying value as of March 31, 2019	26	18	182	11,075	159	11,460
Accumulated depreciation as of April 1, 2018	–	(5)	(78)	(4,979)	(41)	(5,103)
Depreciation	(3)	(3)	(34)	(2,152)	(42)	(2,234)
Accumulated depreciation on deletions	–	–	–	476	–	476
Accumulated depreciation as of March 31, 2019	(3)	(8)	(112)	(6,655)	(83)	(6,861)
Carrying value as of March 31, 2019	23	10	70	4,420	76	4,599

The changes in the carrying value of property, plant and equipment are as follows:

In ₹ lakh

Particulars	Leasehold improvements	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

2.2 Investments

in ₹ lakh

Particulars	As at March 31,	
	2019	2018
Unquoted current investments		
Investments carried at fair value through profit or loss		
Liquid mutual fund units	1,001	4,263
Total investments	1,001	4,263
Aggregate and market value of unquoted investments	1,001	4,263

Fair value

The fair value of liquid mutual fund units was as follows.

Method of fair valuation

in ₹ lakh

Class of investment	Method	As at March 31,	
		2019	2018
Mutual fund-Liquid mutual fund units	Quoted price	1,001	4,263

2.3 Loans

in ₹ lakh

Particulars	As at March 31,	
	2019	2018
Non-current		
Other Loans		
Loans to employees	8	16
Total non-current loans	8	16
Current		
Unsecured, considered doubtful		
Loans to employees	7	7
Less: Allowances for doubtful loans to employees	7	7
	–	–
Other loans		
Loans to employees	443	521
Total current loans	443	521
Total loans	451	537

2.4 Other financial assets

in ₹ lakh

Particulars	As at March 31,	
	2019	2018
Non-current		
Other customer receivables	3,799	5,689
Security deposits	1	1
Total non-current other financial assets	3,800	5,690
Current		
Restricted deposits[(1)]	4,212	3,906
Unbilled revenues [(2)] [(3)]	21,578	23,390
Interest accrued but not due	10	5
Others [(4)]	–	360
Total current other financial assets	25,800	27,661
Total other financial assets	29,600	33,351
Financial assets carried at amortized cost	29,600	33,351
[(2)] Includes dues from fellow subsidiaries (Refer to Note 2.21)	–	593
[(4)] Includes dues from fellow subsidiaries (Refer to Note 2.21)	32	2

[(1)] Restricted deposits represent deposit with financial institutions to settle employee compensated absence benefit related obligations as and when they arise during the normal course of business.

[(3)] Classified as financial asset as right to consideration is unconditional upon passage of time.

2.5 Trade receivables

in ₹ lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured		
Considered good[(1)]	13,186	11,660
Considered doubtful	224	73
	13,410	11,733
Less: Allowances for credit losses	224	73
Total trade receivables	13,186	11,660
[(1)] Includes dues from fellow subsidiaries (Refer to Note 2.21)	416	630

2.6 Cash and cash equivalents

in ₹ lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with banks		
In current and deposit accounts	8,070	3,810
Total cash and cash equivalents	8,070	3,810
Deposit accounts with more than 12 months maturity	19	19
Balances with banks held as margin money deposits against guarantees	19	19

Cash and cash equivalents as of March 31, 2019 and March 31, 2018 include restricted cash and bank balances of ₹ 19 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 with banks as on Balance Sheet dates are as follows:

in ₹ lakh

Particulars	As at March 31, 2019	As at March 31, 2018
In current accounts		
ICICI Bank, India	438	858
ICICI Bank, EEFC (U.S. Dollar account)	325	574
State Bank of India	10	9
	773	1,441
In deposit accounts		
ICICI Bank	7,297	2,369
	7,297	2,369
Total cash and cash equivalents	8,070	3,810

2.7 Other assets

in ₹ lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Prepaid expenses	25	29
Advance other than capital advances		
Prepaid gratuity (Refer to Note 2.19)	1,326	1,428
Total non-current other assets	1,351	1,457
Current		
Advance other than capital advances		
Payment to vendors for supply of goods/ services	201	223
Balance with government authorities	130	342
Others		
Unbilled revenues[(1)]	7,404	–
Prepaid expenses	4,016	1,771
Withholding taxes and others[(2)]	2,942	5,314
Total current other assets	14,693	7,650
Total other assets	16,044	9,107

[(1)] Classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

[(2)] Withholding taxes and others primarily consist of input tax credits

2.8 Financial instruments

Accounting Policy

2.8.1 Initial recognition

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

2.8.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

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

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

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

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

A financial asset which is not classified in any of the above categories 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.

2.8.3 Derecognition of financial instruments

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

2.8.4 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 table below 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.

2.8.5 Impairment

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.

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2019 are as follows:

In ₹ lakh

Particulars	Note no.	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	2.6	8,070	–	–	8,070	8,070
Investments– Liquid mutual funds units	2.2	–	–	1,001	1,001	1,001
Trade receivables	2.5	13,186	–	–	13,186	13,186
Loans	2.3	451	–	–	451	451
Other financial assets	2.4	29,600	–	–	29,600	29,600
Total		51,307	–	1,001	52,308	52,308
Liabilities						
Trade payables	2.11	2,324	–	–	2,324	2,324
Non-convertible debentures (1)	2.10	1,44,500	–	–	1,44,500	1,44,500
Other financial liabilities	2.10	32,269	–	–	32,269	32,269
Total		1,79,093	–	–	1,79,093	1,79,093

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

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

In ₹ lakh

Particulars	Note no.	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	2.6	3,810	–	–	3,810	3,810
Investments – Liquid mutual funds units	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
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

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

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 financial assets as at March 31, 2019.

In ₹ lakh

Particulars	As on March 31, 2019	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)	1,001	1,001	–	–

The fair value hierarchy of financial assets as at March 31, 2018.

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	–	–

The foreign currency risk from financial instruments as of March 31, 2019:

In ₹ lakh

Particulars	US Dollars	Euros	UK Pound Sterling	Australian Dollars	Other currencies	Total
Cash and cash equivalents	325	–	–	–	–	325
Trade receivables	9,455	46	14	–	387	9,902
Other financials assets (including loans)	8,556	3,246	514	173	1,400	13,889
Trade payables	(442)	(86)	(26)	(1)	(31)	(586)
Other financial liabilities	(4,837)	(2)	(29)	(774)	(402)	(6,044)
Net assets/ (liabilities)	13,057	3,204	473	(602)	1,354	17,486

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

In ₹ lakh

Particulars	US Dollars	Euros	UK Pound Sterling	Australian Dollars	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

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 ₹13,186 lakh and ₹11,660 lakh as of March 31, 2019 and March 31, 2018 respectively and unbilled revenue amounting to ₹28,982 lakh and ₹23,390 lakh as of March 31, 2019 and March 31, 2018, 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, 2019 and March 31, 2018 was ₹162 lakh and ₹16 lakh, respectively.

In ₹ lakh

Particulars	As at March 31,	
	2019	2018
Balance at the beginning	154	136
Provisions recognized	162	16
Write-offs	–	–
Translation differences	3	2
Balance at the end	319	154

Credit risk on cash and cash equivalent is limited as the Company generally invest in deposits with banks and in liquid mutual fund units.

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, 2019, the Company had a working capital of ₹16,164 lakh including cash and cash equivalents of ₹8,070 lakh and current investments of ₹1,001 lakh. As of March 31, 2018, the Company had a working capital of ₹11,876 lakh including liquid assets such as cash and cash equivalents of ₹3,810 lakh and current investments of ₹4,263 lakh.

As of March 31, 2019 and March 31, 2018, the outstanding compensated absences were ₹2,794 lakh and ₹3,009 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, 2019 are as follows:

In ₹ lakh

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	2,324	–	–	–	2,324
Other liabilities excluding non convertible debentures[(1)]	26,098	1,887	1,886	–	29,871
	28,422	1,887	1,886	–	32,195

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[(1)]	19,248	1,886	3,773	–	24,907
	28,411	1,886	3,773	–	34,070

(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 from the date of issue.

2.9 Equity

Share capital

in ₹ lakh, except as otherwise stated

Particulars	As at March 31,	
	2019	2018
Authorized		
Equity shares, ₹10/- par value		
4,100,000,000 (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 (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.

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

Name of the shareholder	As at March 31, 2019		As at March 31, 2018	
	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, 2019		As at March 31, 2018	
	Number of shares	Amount	Number of shares	Amount
Number of shares at the beginning and 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,	
	2019	2018
Non-current		
Non-convertible debentures *(1)	1,44,500	1,78,000
Other payables	3,773	5,659
Total non-current other financial liabilities	1,48,273	1,83,659
Current		
Accrued compensation to employees	4,413	4,337
Capital creditors	875	56
Compensated absences	2,794	3,009
Accrued expenses (2)	15,786	13,651
Other payables (3)	4,628	788
Total current other financial liabilities	28,496	21,841
Total other financial liabilities	1,76,769	2,05,500
Financial liability carried at amortized cost	1,76,769	2,05,500

Particulars	As at March 31,	
	2019	2018
*The interest rate for the debentures as of March 31, 2019 is 10 years Government Bond rate plus 1% premium to be reset annually. Currently the interest rate is 8.390%. 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 2.21)	1,44,500	1,78,000
(2) Includes dues to holding company/ fellow subsidiaries (Refer to Note 2.21)	4,048	3,184
(3) Includes dues to fellow subsidiaries (Refer to Note 2.21)	51	412

2.11 Trade payables

in ₹ lakh

Particulars	As at March 31,	
	2019	2018
Trade payables [(1)]	2,324	9,163
Total trade payables	2,324	9,163
[(1)] Includes dues to holding company/fellow subsidiaries (Refer to Note 2.21)	440	405

As at March 31, 2019 and March 31, 2018, there are no outstanding dues to Micro, Small and Medium Enterprises. There is no interest due or outstanding on the same. During the year ended March 31, 2019, an amount of ₹246 lakh was paid beyond the appointed day as defined in the Micro, Small and Medium Enterprises Development Act 2006, which has been paid as of March 31, 2019.

2.12 Other liabilities

in ₹ lakh

Particulars	As at March 31,	
	2019	2018
Non-current		
Deferred rent	396	416
Total non-current other liabilities	396	416
Current		
Unearned revenue	9,920	7,815
Withholding taxes and other taxes	5,938	3,934
Total current other liabilities	15,858	11,749
Total other liabilities	16,254	12,165

2.13 Provisions

Accounting policy

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 and others

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.

Provision for post-sales client-support and others

in ₹ lakh

Particulars	As at March 31,	
	2019	2018
Current		
Others		
Post-sales client support and others	351	936
Total provisions	351	936

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

in ₹ lakh

Particulars	As at March 31,	
	2019	2018
Balance at the beginning	936	3
Provisions recognized/ (reversal)	(684)	934
Provision utilized	98	–
Translation differences	1	(1)
Balance at the end	351	936

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

2.14 Income taxes

Accounting policy

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.

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

in ₹ lakh

Particulars	As at March 31,	
	2019	2018
Current taxes	19,398	14,479
Deferred taxes	441	(264)
Income tax expense	19,839	14,215

Current tax expense for the year ended March 31, 2019 and March 31, 2018 includes reversal amounting to ₹217 lakh and ₹124 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,	
	2019	2018
Profit before income taxes	60,385	45,409
Enacted tax rates in India	34.94%	34.61%
Computed expected tax expense	21,101	15,716
Overseas taxes, net of foreign tax credit	733	1,030
Prior year taxes	(217)	(124)
Effect of non-deductible expenses	55	(19)
Additional deduction on research and development expense	(2,090)	(2,173)
Others	257	(215)
Income tax expense	19,839	14,215

The applicable Indian statutory tax rates for the fiscal, 2019 is 34.944% and fiscal year 2018 is 34.608.

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

in ₹ lakh

Particulars	As at March 31,	
	2019	2018
Income tax assets	69,829	47,706
Current income tax liabilities	47,133	28,586
Net current income tax assets at the end	22,696	19,120

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

in ₹ lakh

Particulars	As at March 31,	
	2019	2018
Net current income tax assets at the beginning	19,120	10,557
Income tax paid	23,228	23,042
Tax on other comprehensive income	(254)	–
Current income tax expense (Refer to Note 2.14)	(19,398)	(14,479)
Net current income tax assets at the end	22,696	19,120

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,	
	2019	2018
Deferred income tax assets		
Trade receivables	115	317
Compensated absences	977	1,052
Others	246	490
Total deferred income tax assets	1,338	1,859
Deferred income tax liabilities		
Property, plant and equipment	147	228
Total deferred income tax liabilities	147	228
Deferred income tax assets after set off	1,191	1,631
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,	
	2019	2018
Net deferred income tax asset at the beginning	1,631	1,369
Credits relating to temporary differences (Refer to Note 2.14)	(441)	264
Temporary differences on other comprehensive income	1	(2)
Net deferred income tax asset at the end	1,191	1,631

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 Revenue from operations

Accounting policy

The Company derives revenues primarily from business IT services comprising of software development and related services, consulting and package implementation and from the licensing of software products and platforms across our core and digital offerings (together called as software related services).

Effective April 1, 2018, the Company adopted Ind AS 115 - Revenue from Contracts with Customers, using the cumulative catch-up transition method applied to contracts that were not completed as of April 1, 2018. The following is a summary of new and/or revised significant accounting policies related to revenue recognition. Refer Note 1 - Significant Accounting Policies in the Company's 2018 Annual Report for the policies in effect for revenue prior to April 1, 2018. The effect on adoption of Ind AS 115 was insignificant.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or 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 invoicing to the reporting date is recognized as contract asset (unbilled revenue). Revenue from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time and 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. Revenues in excess of invoicing are classified as contract asset while invoicing in excess of revenues are classified as contract liability (Unearned Revenues). Fixed time frame revenue is recognized ratably over the term of the underlying time frame arrangement.

In arrangements for software development and related services and maintenance services, the Company has applied the guidance in Ind AS 115 - Revenue from contract with customer, by applying the revenue recognition criteria for each distinct performance obligation. The arrangements with customers generally meet the criteria for considering software development and related services as distinct performance obligations. For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the Company is unable to determine the standalone selling price, the Company uses the expected cost plus margin approach in estimating the standalone selling price. For software development and related services, the performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

Revenue from licenses where the customer obtains a right to use the licenses is recognized at the time the license is made available to the customer. Revenue from licenses whether the customer obtains a right to access is recognized over the access period. Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS). The Company has applied the principles under Ind AS 115 to account for revenues from these performance obligations. When implementation services are provided in conjunction with the licensing arrangement and the same have been identified as two separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. In the absence of standalone selling price for implementation, the performance obligation is estimated using the expected cost plus margin approach. Where the license is required to be substantially customized as part of the implementation service the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue 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 performance obligations are satisfied. ATS revenue is recognized ratably over the period in which the services are rendered.

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

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price

The Company presents revenues net of indirect taxes in its Statement of Profit and Loss.

Revenue from operations for the year ended March 31, 2019 and March 31, 2018 are as follows :

in ₹ lakh

Particulars	Years ended March 31,	
	2019	2018
Revenue from operations	2,53,831	2,43,915
Total revenue from operations	2,53,831	2,43,915

Trade receivables and contract balances

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time .

Revenue recognition for fixed price development contracts is based on percentage of completion method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones. Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time .

Revenue recognition for fixed price development contracts is based on percentage of completion method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones. Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

The movement in unbilled revenue on fixed price development contracts:

in ₹ lakh

Particulars	Year ended 2019
Balance at the beginning	13,464
Add : Revenue recognized during the period	4,685
Less : Invoiced during the period	11,690
Less : Impairment/ (reversal) during the period	(35)
Add : Translation gain/ (loss)	910
Balance at the end	7,404

The movement in unearned revenue balances:

in ₹ lakh

Particulars	Year ended 2019
Balance at the beginning	7,815
Less: Revenue recognized during the period	7,774
Add: Changes due to business combinations	–
Add: Invoiced during the period but not recognized as revenues	9,423
Add: Translation loss/ (gain)	456
Balance at the end	9,920

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as of March 31, 2019, other than those meeting the exclusion criteria mentioned above, is ₹23,390 lakh. Out of this, the Company expects to recognize revenue of around 88% within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

The impact on account of applying the erstwhile Ind AS 18 - Revenue instead of Ind AS 115 - Revenue from contract with customers on the financials results of the Company for the year ended is insignificant. On account of adoption of Ind AS 115 - Unbilled revenue of ₹7,404 lakh as at March 31, 2019 has been considered as a non financial asset.

2.16 Other income, net

Other income is comprised primarily of interest income, dividend income, gain/ loss on investments 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. Dividend income is recognized when the right to receive payment is established

Foreign currency - Accounting policy

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 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.

During the three months ended June 30, 2018, the Company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of 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. The effect on account of adoption of this amendment was insignificant.

Other income is as follows :

in ₹ lakh

Particulars	Years ended March 31,	
	2019	2018
Interest received on financial assets – carried at amortized cost:		
Deposits with banks and others	434	469
Exchange gain/ (loss) on translation of assets and liabilities	(473)	42
Gain/ (loss) on investment carried at fair value through profit or loss	413	489
Miscellaneous income	6	153
Total other income	380	1,153

2.17 Expenses

in ₹ lakh

Particulars	Years ended March 31,	
	2019	2018
Employee benefit expenses		
Salaries including bonus	70,790	77,661
Contribution to provident and other funds	3,107	3,568
Staff welfare	1,315	932
	75,212	82,161
Travel expenses		
Overseas travel expenses	11,813	10,449
Travelling and conveyance	887	1,367
	12,700	11,816
Cost of software packages and others		
For own use	4,016	3,971
Third party items bought for service delivery to clients	15,184	18,487
	19,200	22,458
Other expenses		
Repairs and maintenance	2,314	2,320
Brand and Marketing	3,307	2,128
Communication expenses	860	878
Operating lease payments (Refer to Note 2.18)	4,506	5,231
Rates and taxes	84	75
Commission charge	2,521	2,249
Fuel and power	681	727
Consumables	125	224
Provision/ (reversal) for post-sales client support and others	(684)	934
Commission to non-whole time directors	40	20
Impairment loss recognized on financial assets	162	20
Contributions towards corporate social responsibility	520	155
Auditor's remuneration		
Statutory audit fees	31	25
Others	393	310
	14,860	15,296

2.18 Leases

Accounting policy

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.

The lease rentals charged during the period are as follows:

in ₹ lakh

Particulars	Years ended March 31,	
	2019	2018
Lease rentals recognized during the year	4,506	5,231

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

in ₹ lakh

Future minimum Lease payable*	As at March 31,	
	2019	2018
Within one year of the Balance Sheet date	606	705
Due in a period between one year and five years	2,740	3,213
Due after five years	968	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.

* Lease obligation payable as on March 31, 2019 pertains to balance period of entire lease term.

2.19 Employee benefits

Accounting policy

2.19.1 Gratuity

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity plan') covering eligible employees. The Gratuity Plan provides a lumpsum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, 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.

2.19.2 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.

2.19.3 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.

2.19.4 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.

a. 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,	
	2019	2018
Change in benefit obligations		
Benefit obligations at the beginning	6,720	7,058
Service cost	738	915
Interest expense	481	456
Transfer of obligation	(63)	(311)
Remeasurements – Actuarial (gains)/ losses	(554)	(758)
Benefits paid	(578)	(640)
Benefit obligations at the end	6,744	6,720
Change in plan assets		
Fair value of plan assets at the beginning	8,148	8,496
Interest income	587	553
Transfer of assets	(113)	(344)
Remeasurements – return on plan assets excluding amounts included in interest income	26	83
Contributions	–	–
Benefits paid	(578)	(640)
Fair value of plan assets at the end	8,070	8,148
Funded status	1,326	1,428
Prepaid gratuity benefit	1,326	1,428

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

in ₹ lakh

Particulars	Years ended March 31,	
	2019	2018
Service cost	738	915
Net interest on the net defined benefit liability/asset	(106)	(97)
Net gratuity cost	632	818

Amount recognized in statement of other comprehensive income:

in ₹ lakh

Particulars	Years ended March 31,	
	2019	2018
Remeasurements of the net defined benefit liability/ (asset)		
Actuarial (gains)/ losses	(554)	(758)
(Return)/ loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/ (asset)	(26)	(83)
	(580)	(841)

in ₹ lakh

Particulars	Years ended March 31,	
	2019	2018
(Gain)/ loss from change in financial assumptions	160	(364)
(Gain)/ loss from change in experience	(313)	(394)
(Gain)/ loss from change in demographic assumptions	(402)	–
	(555)	(758)

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

Particulars	As at March 31,	
	2019	2018
Discount rate	7.1%	7.5%
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	As at March 31,	
	2019	2018
Discount rate	7.1%	7.5%
Weighted average rate of increase in compensation levels	10.0%	10.0%
Weighted average duration of defined benefit obligation	5.9 years	6.1 years

Sentivity of significant assumptions used for valuation of defined benefit obligations:

in ₹ lakh

Impact from percentage point increase/ decrease in	As at March 31, 2019
Discount rate	412
Weighted average rate of increase in compensation level	358

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, 2019 and March 31, 2018, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the year ended March 31, 2019 and March 31, 2018 were ₹624 lakh and ₹636 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	883
1-2 year	910
2-3 year	988
3-4 year	970
4-5 year	974
5-10 years	4,880

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

b. Provident Fund

The Company contributed ₹1,823 lakh during the year ended March 31, 2019 (₹2,104 lakh for the year ended March 31, 2018).

c. Superannuation

The Company contributed ₹628 lakh during the year ended March 31, 2019 (₹615 lakh for the year ended March 31, 2018).

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

in ₹ lakh

Particulars	As at March 31,	
	2019	2018
Contingent liabilities :		
Claims against the Company, not acknowledged as debts [1]	8	8
Commitments :		
Estimated amount of unexecuted capital contracts		
(net of advances and deposits)	321	733

[1] As at March 31, 2019, claims against the Company not acknowledged as debts in respect of income tax matters amounted to ₹8 lakh. Majority of the matters are pending before various Appellate Authorities and the Management including 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.

2.21 Related party transactions

List of related parties

Name of holding company	Country	Holding as at March 31,	
		2019	2018
Infosys Limited	India	100%	100%

List of fellow subsidiaries

Name of subsidiary companies	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)	U.S.
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH(1) (formerly Lodestone Management Consultants GmbH)	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	U.S.
Infosys Chile SpA(2)	Chile
Infosys Arabia Limited(3)	Saudi Arabia
Infosys Consulting Ltda.(3)	Brazil
Infosys CIS LLC(1)(22)	Russia
Infosys Luxembourg S.a.r.l (1)(17)	Luxembourg
Infosys Americas Inc., (Infosys Americas)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)(4)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.
Infosys Canada Public Services Inc(23)	Canada
Infosys Canada Public Services Ltd(24)	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o.(5)	Czech Republic
Infosys Poland, Sp z.o.o(5)	Poland
Infosys McCamish Systems LLC (5)	U.S.
Portland Group Pty Ltd(5)	Australia
Infosys BPO Americas LLC.(5)	U.S.
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc.(6)(15)	U.S.
Infosys Management Consulting Pty Limited(6)	Australia
Infosys Consulting AG(6)	Switzerland
Infosys Consulting GmbH(6)	Germany
Infosys Consulting SAS(6)	France
Infosys Consulting s.r.o.(6)	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd.(formerly Lodestone Management Consultants Co., Ltd)(6)	China
Infy Consulting Company Ltd(6)	U.K.
Infy Consulting B.V.(6)	The Netherlands
Infosys Consulting Sp. z.o.o(6)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (6)	Portugal
S.C. Infosys Consulting S.R.L.(1)	Romania
Infosys Consulting S.R.L.(6)	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)(7)	Belgium
Panaya Inc. (Panaya)	U.S.
Panaya Ltd.(8)	Israel
Panaya GmbH(8)	Germany
Panaya Japan Co. Ltd(8)	Japan
Noah Consulting LLC (Noah)(9)	U.S.
Noah Information Management Consulting Inc. (Noah Canada)(10)	Canada
Brilliant Basics Holdings Limited (Brilliant Basics)(11)	U.K.
Brilliant Basics Limited(12)	U.K.
Brilliant Basics (MENA) DMCC(12)	Dubai
Infosys Consulting Pte Limited (Infosys Singapore)(1)	Singapore

Name of subsidiary companies	Country
Infosys Middle East FZ LLC[13]	Dubai
Fluido Oy[13][18]	Finland
Fluido Sweden AB (Extero)[19]	Sweden
Fluido Norway A/S[19]	Norway
Fluido Denmark A/S[19]	Denmark
Fluido Slovakia s.r.o[19]	Slovakia
Fluido Newco AB[19]	Sweden
Infosys Compaz PTE. Ltd (formerly Trusted Source Pte. Ltd) [13][20]	Singapore
Infosys South Africa (Pty) Ltd[13][21]	South Africa
WongDoody Holding Company Inc. (WongDoody) [14]	U.S.
WDW Communications, Inc[16]	U.S.
WongDoody, Inc[16]	U.S.

(1) Wholly-owned subsidiary of Infosys Limited
(2) Incorporated effective November 20, 2017
(3) Majority-owned and controlled subsidiary of Infosys Limited
(4) Under liquidation
(5) Wholly-owned subsidiary of Infosys BPM
(6) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(8) Wholly-owned subsidiary of Panaya Inc.
(9) Liquidated effective November 9, 2017
(10) Wholly-owned subsidiary of Noah. Liquidated effective December 20, 2017
(11) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holding Limited
(12) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(13) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(14) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
(15) Liquidated effective May 17, 2018
(16) Wholly-owned subsidiary of WongDoody
(17) Incorporated effective August 6, 2018
(18) On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
(19) Wholly-owned subsidiary of Fluido Oy
(20) On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
(21) Incorporated effective December 19,2018
(22) Incorporated effective November 29, 2018
(23) Incorporated effective November 27, 2018, wholly-owned subsidiary Infosys Public Services Inc
(24) Liquidated effective May 9, 2017, wholly-owned subsidiary Infosys Public Services Inc

Associates

Name of Associates	Country
DWA Nova LLC has been liquidated w.e.f November 17, 2017	U.S.

List of other related parties

Particulars	Country	Nature of relationship
EdgeVerve Systems Limited Employees Gratuity Fund Trust	India	Post-employment benefit plan of EdgeVerve
EdgeVerve Systems Limited Employees Superannuation Fund Trust	India	Post-employment benefit plan of EdgeVerve

List of key management personnel

Directors

- Srinivasan Rajam (appointed on July 8, 2014)
- Jonathan Heller (resigned on July 10, 2017)
- Ritika Suri (resigned on August 15, 2017)
- D. N. Prahlad (appointed on January 6, 2017)
- 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)
- Sanat Rao (appointed as whole time director from April 11, 2018)
- Nitesh Banga (resigned on June 4, 2018)
- Atul Soneja (appointed as whole time director from July 20, 2018)
- Mohit Joshi (appointed as director from January 22, 2019)

Executive officers

- Prem Pereira (resigned on January 16, 2019)
- Rajesh Kini (appointed as Chief Financial Officer from January 17,2019)
- Sudhir Shridhar Gaonkar, Company Secretary

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

Particulars	As at March 31,	
	2019	2018
Trade receivables		
Infosys Public Services	43	49
Infosys BPM Limited	11	3
Infosys Poland	–	135
Infosys China	362	443
	416	630
Other financial assets		
Infosys China	–	1
Infosys BPM Limited	10	–
Infosys Poland	22	–
Infosys Mexico	–	1
	32	2
Non convertible debentures		
Infosys Limited	1,44,500	1,78,000
	1,44,500	1,78,000
Trade payables		
Infosys Limited	319	318
Infosys Consulting	86	61
Infosys BPM Limited	35	26
	440	405
Other current financial liabilities		
Infosys China	9	–
Infosys Public Services	9	–
Infosys Mexico	33	32
Panaya Ltd.	–	380
	51	412
Unbilled Revenue		
Infosys Public Services	–	315
Infosys Consulting (Singapore)	–	74
Infosys China	–	33
Infosys BPM Limited	–	126
Infosys Poland	–	45
	–	593
Accrued expenses		
Infosys Public Services	27	–
Infosys BPM Limited	63	–
Infosys Limited	3,958	3,184
	4,048	3,184

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, 2019	2018
Capital transactions:		
Financing transactions		
Debentures		
Infosys Limited	(33,500)	(34,900)
Revenue transactions:		
Sale of services		
Infosys Public Services	131	494
Infosys Poland	–	231
Infosys China	39	278
Infosys Consulting (Singapore)	–	74
Infosys BPM Limited	426	698
	596	1,775
Purchase of shared services including facilities and personnel		
Infosys Limited	50,469	44,742
Infosys Mexico	159	176
Brilliant Basics	122	–
Infosys Consulting (Singapore)	5	–
Infosys Poland	3	–
Infosys Consulting	312	271
Infosys BPM Limited	369	306
Panaya Ltd.	56	1,470
	51,495	46,965
Finance cost		
Infosys Limited	14,108	15,580

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 to key managerial personnel which comprise directors and executive officers:

in ₹ lakh

Particulars	Years ended March 31, 2019	2018
Salaries and other employee benefits to whole-time directors and executive officers[(1)]	765	1,039
Commission and other benefits to non-executive/ independent directors	40	20
Total	805	1,059

(1) For the year ended March 31, 2018, includes ₹10 lakh paid to Arun Krishnan, who retired as Director w.e.f April 30, 2017

2.22 Corporate Social Responsibility

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

a) Gross amount required to be spent by the Company during the year is ₹520 lakh.

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

in ₹ lakh

Sl. No	Particulars	In cash	Yet to be paid in cash	Total
(i)	Construction/ acquisition of any asset	–	–	–
(ii)	On purposes other than (i) above	520	–	520

2.23 Research and development expenditure

in ₹ lakh

Particulars	Years ended March 31, 2019	2018
Expenditure at Department of Scientific and Industrial Research (DSIR) approved R&D centers (eligible for weighted deduction) [(1)]		
Capital expenditure	–	–
Revenue expenditure	11,960	12,560
Other R&D expenditure		
Capital expenditure	–	–
Revenue expenditure	16,994	19,980
Total R&D expenditure		
Capital expenditure	–	–
Revenue expenditure	28,953	32,540

(1) During the year ended March 31, 2019 and March 31, 2018, 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. The weighted tax deduction is equal to 150% 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 Function-wise Classification of Statement of Profit and Loss

in ₹ lakh

Particulars	Years ended March 31,	
	2019	2018
Revenue from operations	2,53,831	2,43,915
Cost of sales	1,40,233	1,44,685
Gross profit	1,13,598	99,230
Operating expenses		
Selling and marketing expenses	19,055	17,350
General and administration expenses	20,430	22,044
Total operating expenses	39,485	39,394
Operating profit	74,113	59,836
Other Income, net	380	1,153
Profit before interest and tax	74,493	60,989
Finance cost	14,108	15,580
Profit before tax	60,385	45,409
Tax expense:		
Current tax	19,398	14,479
Deferred tax	441	(264)
Profit for the year	40,546	31,194
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of the net defined benefit liability/asset	327	585
Items that will be reclassified subsequently to profit or loss	–	–
Total other comprehensive income, net of tax	327	585
Total comprehensive income for the year	40,873	31,779

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

D. N. Prahlad
Chairman

Sanat Rao
Whole-time Director

Atul Soneja
Whole-time Director

Srinivasan Rajam
Director

Rajesh Kini
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

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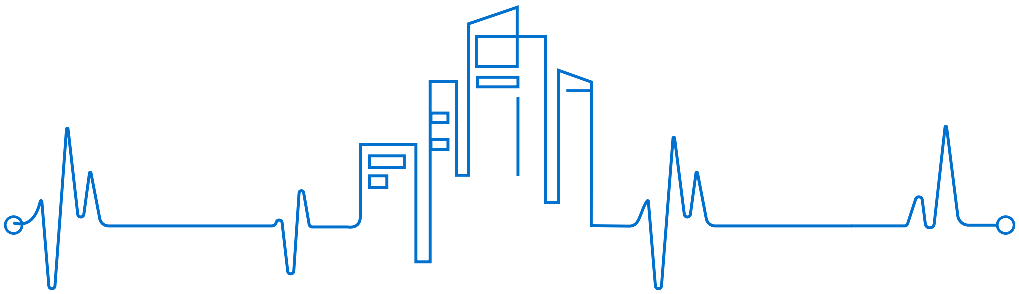

Infosys Austria GmbH

Independent Auditor's Report

To the Members of Infosys Austria GmbH

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys Austria GmbH ('the Company'), which comprises the Balance Sheet as at December 31, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow, the Statement of Changes in Equity for the year then ended, and notes to the financial statement including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'Ind AS financial statements').

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, 2018 and its financial performance including other comprehensive income its cash flows, and the changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's 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 issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the Code of Ethics..

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.

Responsibilities of Management's and those Charged with Governance for the Financial Statement

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

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.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objective 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

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 registration number: 006673S

M. Rathnakar Kamath
Partner
Membership number: 202841

Bengaluru
January 9, 2019

Balance Sheet

In €

Particulars	Note no.	As at December 31,	
		2018	2017
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	–	–
Income tax assets (net)	2.9	5,250	1,750
Total non - current assets		5,250	1,750
Current assets			
Financial assets			
Trade receivables	2.4	–	5,629
Cash and cash equivalents	2.2	440,121	10,027
Other current assets	2.3	–	32
Total current assets		440,121	15,688
Total Assets		445,371	17,438
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.6	80,000	80,000
Other equity		(91,435)	(82,636)
Total equity		(11,435)	(2,636)
LIABILITIES			
Current liabilities			
Financial liabilities			
Borrowings	2.7	439,063	–
Other financial liabilities	2.8	11,738	7,500
Income tax liabilities (net)	2.9	6,005	12,574
Total current liabilities		456,806	20,074
Total equity and liabilities		445,371	17,438

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 Austria GmbH

M. Rathnakar Kamath
Partner
Membership No. 202841

Lilly Vasanthini
Director

Bengaluru
January 9, 2019

Statement of Profit and Loss

In €

Particulars	Note no.	Years ended December 31	
		2018	2017
Other income, net	2.10	1,419	160,013
Total income		1,419	160,013
Expenses			
Employee benefit expenses	2.11	–	(166,521)
Finance Costs		1,970	1,063
Consultancy and professional charges		15,735	13,232
Other expenses	2.11	832	447
Total expenses		18,537	(151,779)
Profit/ (loss) before tax		(17,118)	311,792
Tax expense			
Current tax	2.9	(8,319)	(4,351)
Deferred tax		–	–
Profit/ (loss) for the year		(8,799)	316,143
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/ (loss), net of tax		–	–
Total comprehensive income/ (loss) for the year		(8,799)	316,143

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 Infosys Austria GmbH

Lilly Vasanthini
Director

Bengaluru
January 9, 2019

Statement of Changes in Equity

In €

Particulars	Equity share capital	Other equity: Reserves and surplus – Retained earnings	Other equity: Other comprehensive income – Other items of other comprehensive income	Total equity attributable to equity holders of the Company
Balance as of January 1, 2017	80,000	(398,779)	–	(318,779)
Changes in equity for the year ended December 31, 2017				
Profit/ (loss) for the year	–	316,143	–	316,143
Balance as of December 31, 2017	80,000	(82,636)	–	(2,636)
Changes in equity for the year ended December 31, 2018				–
Profit/ (loss) for the year	–	(8,799)	–	(8,799)
Balance as of December 31, 2018	80,000	(91,435)	–	(11,435)

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 Austria GmbH

M. Rathnakar Kamath
Partner
Membership number: 202841

Lilly Vasanthini
Director

Bengaluru
January 9, 2019

Statement of Cash Flows

In €

Particulars	Years ended December 31,	
	2018	2017
Cash flow from operating activities		
Profit/ (loss) for the year	(8,799)	316,143
Adjustments to reconcile net profit to net cash provided by operating activities		
Income tax expense	(8,319)	(4,351)
Finance cost	1,970	1,063
Changes in assets and liabilities		
Other assets	5,661	10,626
Other liabilties	4,238	(278,258)
Cash generated from operations	(5,249)	45,223
Income tax paid	1,750	1,348
Net cash generated by operating activities	(6,999)	43,875
Cash flow from financing activities:		
Loan from fellow subsidiary, net of repayments	439,063	(148,950)
Finance cost	(1,970)	(1,063)
Net cash generated/ (used) in financing activities	437,093	(150,013)
Net increase/ (decrease) in cash and cash equivalents	430,094	(106,138)
Cash and cash equivalents at the beginning of the year	10,027	116,165
Cash and cash equivalents at the end of the year	440,121	10,027

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 Austria GmbH

M. Rathnakar Kamath
Partner
Membership number: 202841

Lilly Vasanthini
Director

Bengaluru
January 9, 2019

Significant Accounting Policies

Company overview

Infosys Austria GmbH ('Infosys Austria' or 'the Company') is a wholly-owned subsidiary of Infosys Limited w.e.f. March 2018. 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. 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.

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 Euros.

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 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 asset is as follows:

Computer equipment[(1)]	3-5 years

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

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

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

1.6 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

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.

1.7 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

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 Foreign currency

Functional currency

The functional currency of the Company is Euros.

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.

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

1.11 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 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 effective interest method.

1.13 Borrowing cost

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

1.14 Recent accounting pronouncements

The Company has adopted 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.

The effect on account of adoption of this amendment was insignificant.

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.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach).

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

The Company will adopt the standard on January 1, 2019 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended December 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 are as follows:

In €

Particulars	Computer equipment	Total
Gross carrying value as of January 1, 2018	892	892
Additions	–	–
Deletions	–	–
Gross carrying value as of December 31, 2018	892	892
Accumulated depreciation as of January 1, 2018	892	892
Depreciation	–	–
Accumulated depreciation on deletions	–	–
Accumulated depreciation as of December 31, 2018	892	892
Carrying value as of December 31, 2018	–	–
Carrying value as of January 1, 2018	–	–

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	892	892
Additions	–	–
Deletions	–	–
Gross carrying value as of December 31, 2017	892	892
Accumulated depreciation as of January 1, 2017	892	892
Depreciation	–	–
Accumulated depreciation on deletions	–	–
Accumulated depreciation as of December 31, 2017	892	892
Carrying value as of December 31, 2017	–	–
Carrying value as of January 1, 2017	–	–

2.2 Cash and cash equivalents

In €

Particulars	As at December 31,	
	2018	2017
Balances with banks		
In current accounts	440,121	10,027
Total cash and cash equivalents	440,121	10,027

2.3 Other assets

In €

Particulars	As at December 31,	
	2018	2017
Current		
Others		
Withholding taxes and others	–	32
Total other assets	–	32

2.4 Trade receivables

In €

Particulars	As at December 31,	
	2018	2017
Current		
Unsecured		
Considered good	–	5,629
	–	5,629
Less: Allowances for credit losses	–	–
Total Trade Receivables	–	5,629

2.5 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,	
	2018	2017
Assets:		
Cash and cash equivalents (Refer note. 2.2)	440,121	10,027
Trade receivables (refer note. 2.4)	–	5,629
Total	440,121	15,656
Liabilities:		
Borrowings (Refer note. 2.7)	439,063	–
Other financial liabilities (Refer to Note 2.8)	11,738	7,500
Total	450,801	7,500

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 €5,629 as at December 31, 2017. 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 on cash and cash equivalents is limited as we generally invest in banks with high credit ratings assigned by international and domestic credit rating agencies.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents. The Company has taken loan from its related party to meet its working capital requirements.

As of December 31, 2018 and December 31, 2017, the Company had cash and cash equivalents of €440,121 and €10,027, respectively.

2.6 Equity

Equity share capital

in €

Particulars	As at December 31,	
	2018	2017
Authorized		
Equity share capital	80,000	80,000
Issued, subscribed and paid-up	–	–
Equity share capital	80,000	80,000
	80,000	80,000

The details of shareholder holding more than 5% shares :

Name of the shareholder	As at December 31,	
	2018	2017
Infosys Limited	100%	–
Infosys Consulting Holding AG	–	100%

The Company has been acquired by Infosys Limited. in March 2018.

2.7 Borrowings

In €

Particulars	As at December 31,	
	2018	2017
Non-current		
Unsecured Loan from Fellow subsidiary* (Refer to Note 2.12)	439,063	–
	439,063	–
Total borrowings	439,063	–

*The loan was given in accordance with the terms and conditions of the loan agreement and carries an interest rate of 3.5% per annum, and are repayable at the discretion of the lender.

2.8 Other financial liablities

In €

Particulars	As at December 31,	
	2018	2017
Current		
Others		
Accrued expenses	8,240	7,500
Other payables [1]	3,498	–
	11,738	7,500
Total financial liabilities	11,738	7,500
Financial liability carried at amortized cost	11,738	7,500
[1] Includes dues to related parties (refer note 2.12)	3,498	–

2.9 Income taxes

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

In €

Particulars	Years ended December 31,	
	2018	2017
Current taxes	(8,319)	(4,351)
Income tax expense	(8,319)	(4,351)

Current tax expense for the years ended, December 31, 2018 and December 31, 2017 includes reversals (net of provisions) amounting to €8,319 and €6,100, 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 below:

In €

Particulars	Years ended December 31,	
	2018	2017
Profit before income taxes	(17,118)	311,792
Enacted tax rates in Austria	25.00%	25.00%
Computed expected tax expense	(4,280)	77,948
Tax provision/ reversals	(8,319)	(6,100)
Overseas taxes	–	1,749
Effect of unrecognized deferred tax assets	4,280	(77,948)
Income tax expense	(8,319)	(4,351)

The applicable Austria statutory tax rate for years ended December 31, 2018 and December 31, 2017 is 25%.

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

In €

Particulars	As at December 31	
	2018	2017
Income tax assets	5,250	1,750
Current income tax liabilities	6,005	12,574
Net current income tax assets/ (liability) at the end	(755)	(10,824)

The gross movement in the current income tax asset/ (liability) for the year ended are as follows:

In €

Particulars	Years ended December 31,	
	2018	2017
Net current income tax asset/ (liability) at the beginning	(10,824)	(16,523)
Income tax paid	1,750	1,348
Current income tax expense	8,319	4,351
Net current income tax asset/ (liability) at the end	(755)	(10,824)

2.10 Other income

In €

Particulars	Years ended December 31,	
	2018	2017
Others, net	–	160,013
Exchange gains/ (losses) on translation of other assets and liabilities	1,419	–
Total other income	1,419	160,013

2.11 Expenses

In €

Particulars	Years ended December 31,	
	2018	2017
Employee benefit expenses		
Salaries including bonus	–	(166,521)
	–	(166,521)
Other expenses		
Repairs and maintenance	2	–
Others	830	447
	832	447

2.12 Related party transactions

List of related parties

Name of holding companies	Country	Holding as at December 31,	
		2018	2017
Infosys Ltd	India	100%	–
Infosys Consulting Holding AG	Switzerland	–	100%

List of fellow subsidiaries

Name of subsidiary companies	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 Austria GmbH(1) (formerly Lodestone Management Consultants GmbH)	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	US
Infosys Chile SpA(2)	Chile
Infosys Arabia Limited(3)	Saudi Arabia
Infosys Consulting Ltda.(3)	Brazil
Infosys CIS LLC(1)(22)	Russia
Infosys Luxembourg S.a.r.l (1)(17)	Luxembourg
Company name., (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 Inc(23)	Canada
Infosys Canada Public Services Ltd(24)	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o.(5)	Czech Republic
Infosys 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)	Switzerland
Lodestone Management Consultants Inc.(6)(15)	US
Infosys Management Consulting Pty Limited(6)	Australia
Infosys Consulting AG(6)	Switzerland
Infosys Consulting GmbH(6)	Germany
Infosys Consulting SAS(6)	France
Infosys Consulting s.r.o.(6)	Czech Republic
Infosys Consulting (Shanghai) Co. Ltd. (formerly Lodestone Management Consultants Co., Ltd.)(6)	China
Infy Consulting Company Ltd(6)	UK
Infy Consulting B.V.(6)	The Netherlands
Infosys Consulting Sp. z.o.o(6)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (6)	Portugal
S.C. Infosys Consulting S.R.L.(1)	Romania
Infosys Consulting S.R.L.(6)	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)(7)	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd.(8)	Israel
Panaya GmbH(8)	Germany
Panaya Japan Co. Ltd(4)(8)	Japan
Noah Consulting LLC (Noah)(9)	US
Noah Information Management Consulting Inc. (Noah Canada)(10)	Canada
Brilliant Basics Holdings Limited (Brilliant Basics)(11)	UK
Brilliant Basics Limited(12)	UK

Name of subsidiary companies	Country
Brilliant Basics (MENA) DMCC[12]	Dubai
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[13]	Dubai
Fluido Oy[13][18]	Finland
Fluido Sweden AB (Extero)[19]	Sweden
Fluido Norway A/S[19]	Norway
Fluido Denmark A/S[19]	Denmark
Fluido Slovakia s.r.o[19]	Slovakia
Fluido Newco AB[19]	Sweden
Infosys Compaz Pte. Ltd (formerly Trusted Source Pte. Ltd) [13][20]	Singapore
Infosys South Africa (Pty) Ltd[13][21]	South Africa
WongDoody Holding Company Inc. (WongDoody) [14]	US
WDW Communications, Inc[16]	US
WongDoody, Inc[16]	US

(1) Wholly-owned subsidiary of Infosys Limited
(2) Incorporated effective November 20, 2017
(3) Majority-owned and controlled subsidiary of Infosys Limited
(4) Under liquidation
(5) Wholly-owned subsidiary of Infosys BPM
(6) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(8) Wholly-owned subsidiary of Panaya Inc.
(9) Liquidated effective November 9, 2017
(10) Wholly-owned subsidiary of Noah. Liquidated effective December 20, 2017
(11) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holding Limited
(12) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(13) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(14) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
(15) Liquidated effective May 17, 2018
(16) Wholly-owned subsidiary of WongDoody
(17) Incorporated effective August 6, 2018
(18) On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
(19) Wholly-owned subsidiary of Fluido Oy
(20) On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
(21) Incorporated effective December 19,2018
(22) Incorporated effective November 29, 2018
(23) Incorporated effective November 27, 2018, wholly-owned subsidiary Infosys Public Services Inc
(24) Liquidated effective May 9, 2017, wholly-owned subsidiary Infosys Public Services Inc

Infosys has provided guarantee for performance of certain contracts entered into by its subsidiaries.

Associate

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	
	2018	2017
Borrowings [1]		
Infosys Public Services, Inc. USA (Infosys Public Services)	439,063	–
	439,063	–
Other payables		
Infosys Consulting Holding AG	3,498	–
	3,498	–

[1] The above loan was given in accordance with the terms and conditions of the loan agreement and carries an interest rate of 3.5% per annum.

In €

Particulars	As at December 31	
	2018	2017
Capital transactions		
Financing transactions		
Borrowings net of repayment[1]		
Infosys Public Services, Inc. USA (Infosys Public Services)	439,063	–
	439,063	–
Revenue transactions		
Interest expense		
Infosys Consulting Holding AG	–	1,063
Infosys Public Services, Inc. USA (Infosys Public Services)	1,970	–
	1,970	1,063
Other income		
Infosys Consulting Holding AG	–	160,013
	–	160,013

[1] Includes interest.

2.13 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.

Skava Systems Private Limited

Independent Auditor's Report

To the Members of Skava Systems Private Limited

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Skava Systems Private Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Change in Equity, the Statements of Cash Flow and for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the financial statements').

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 Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's 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 issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon.

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 during the course of our 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.

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 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 Ind AS 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.

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

Auditor's Responsibility

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   e) on the basis of the written representations received from the directors of the Company as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:
      In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, Section 197 of the Act related to the managerial remuneration is not applicable.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 (Auditor's 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 21, 2019

Annexure 'A' to the Independent Auditor's Report

(Referred to in paragraph 1(f) under the 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 Private Limited ('the Company') as of March 31, 2019 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 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, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's 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 auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. 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, 2019, based on the criteria for internal financial control over financial reporting 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 21, 2019

Annexure 'B' to the Independent Auditor's 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 3 (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 provided 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, 2019 and therefore, reporting under 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, 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, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2019 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, 2019 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. The Company is a private company and hence the provisions of Section 197 of the Companies Act, 2013 do not apply to the Company.

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 21, 2019

Balance Sheet

In ₹

Particulars	Note no.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	5,40,08,115	2,91,34,552
Capital work-in-progress		–	3,53,95,964
Financial assets			
Other financial assets	2.4	1,11,19,096	1,11,19,096
Other non-current assets	2.7	18,30,853	–
Deferred tax assets (net)	2.13	7,79,64,688	6,48,81,793
Income tax assets (net)	2.13	40,14,797	58,38,584
Total non-current assets		14,89,37,549	14,63,69,989
Current assets			
Financial assets			
Investments	2.2	5,00,22,217	4,54,88,602
Trade receivables	2.5	34,94,15,679	22,79,08,873
Cash and cash equivalents	2.6	1,36,76,390	1,75,99,886
Loans	2.3	36,67,616	42,45,742
Other financial assets	2.4	1,68,216	79,094
Other current assets	2.7	29,08,080	27,70,143
Total current assets		41,98,58,198	29,80,92,340
Total assets		56,87,95,747	44,44,62,329
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.9	2,50,000	2,50,000
Other equity		46,80,92,542	38,17,35,246
TOTAL EQUITY		46,83,42,542	38,19,85,246
Liabilities			
Non-current liabilities			
Other non-current liabilities	2.12	2,10,57,076	1,63,60,751
Total non-current liabilities		2,10,57,076	1,63,60,751
Current liabilities			
Financial liabilities			
Trade payables	2.11		
Total outstanding dues of micro and small enterprises		2,14,260	2,31,030
Total outstanding dues of creditors other than micro and small enterprises		3,66,031	80,80,379
Other financial liabilities	2.10	7,24,82,029	3,07,29,292
Other current liabilities	2.12	63,33,809	70,75,631
Total current liabilities		7,93,96,129	4,61,16,332
Total equity and liabilities		56,87,95,747	44,44,62,329

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 21, 2019

for and on behalf of the Board of Directors of Skava Systems Private Limited

Satish H.C
Director

Scott Sorokin
Director

Statement of Profit and Loss

In ₹, except equity share and per equity share data

Particulars	Note no.	Years ended March 31, 2019	2018
Revenue from operations	2.14	53,85,33,352	56,77,41,231
Other income, net	2.15	2,04,08,430	1,20,69,949
Total income		55,89,41,782	57,98,11,180
Expenses			
Employee benefit expenses	2.16	39,85,99,611	39,99,87,483
Travel expenses		28,95,688	89,24,383
Cost of software packages and others	2.16	19,14,350	744,897
Communication expenses		36,45,609	39,52,375
Consultancy and professional charges		20,98,429	38,81,556
Depreciation expenses	2.1	1,65,79,932	1,70,30,437
Other expenses	2.16	4,14,04,081	4,05,79,882
Total expenses		46,71,37,700	47,51,01,013
Profit before tax		9,18,04,082	10,47,10,167
Tax expense			
Current tax	2.13	1,80,99,886	2,04,97,247
Deferred tax	2.13	(1,30,82,895)	(6,48,81,793)
Profit for the year		8,67,87,091	14,90,94,713
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability/asset, net of tax		(4,29,795)	10,74,414
Total other comprehensive income/(loss), net of tax		(4,29,795)	10,74,414
Total comprehensive income for the year		8,63,57,296	15,01,69,127
Earnings per equity share			
Equity shares of par value ₹ 10/- each			
Basic (₹)		3,471	5,964
Diluted (₹)		3,471	5,964
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 and on behalf of the Board of Directors of Skava Systems Private Limited

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

Satish H.C
Director

Scott Sorokin
Director

Gurvinder Singh
Partner
Membership number: 110128

Bengaluru
May 21, 2019

Statement of Changes in Equity

In ₹

Particulars	Equity share capital	Other equity: Reserves and surplus – Retained earnings	Other equity: Other comprehensive income – Other items of other comprehensive income	Total equity attributable to equity holders of the Company
Balance as of April 1, 2018	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
Changes in equity for the year ended March 31, 2019				
Remeasurement of net defined benefit liability/ asset, net of tax effect	–	–	(4,29,795)	(4,29,795)
Profit for the year	–	8,67,87,091	–	8,67,87,091
Balance as of March 31, 2019	2,50,000	47,14,28,471	(33,35,929)	46,83,42,542

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 21, 2019

for and on behalf of the Board of Directors of Skava Systems Private Limited

Satish H.C
Director

Scott Sorokin
Director

Statements of Cash Flows

In ₹

Particulars	Years ended March 31,	
	2019	2018
Cash flows from operating activities		
Profit for the year	8,67,87,091	14,90,94,713
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation expenses	1,65,79,932	1,70,30,437
Income tax expense	50,16,991	(4,43,84,546)
Interest income	(46,116)	(43,922)
(Gain)/ loss on investments carried at fair value through profit or loss	(4,9,33,615)	(1,03,44,257)
(Profit)/ loss on sale of assets	–	14,36,572
Changes in assets and liabilities		
Trade receivables	(12,15,06,806)	(11,22,77,011)
Loans and other financial assets and other assets	(14,77,103)	(75,63,370)
Trade payables	(77,31,118)	48,72,632
Other financial liabilities, other liabilities	4,52,31,866	(7,14,02,879)
Cash from/ (used in) operations	1,79,21,122	(7,35,81,631)
Income taxes paid	(1,62,30,520)	(2,24,98,736)
Net cash from/ (used in) operating activities	16,90,602	(9,60,80,367)
Cash flow from investing activities		
Expenditure on property, plant and equipment	(60,57,530)	(4,51,92,118)
Payment to acquire financial assets		
Liquid mutual fund	(29,02,00,000)	(29,27,90,000)
Proceeds on sale of financial assets		
Liquid mutual fund	29,06,00,000	43,63,78,683
Interest received on investments	43,432	44,839
Net cash from/ (used in) investing activities	(56,14,098)	9,84,41,404
Cash flow from financing activities		
Net cash from/ (used in) financing activities	–	–
Net decrease in cash and cash equivalents	(39,23,496)	23,61,036
Cash and cash equivalents at the beginning of the year	1,75,99,886	1,52,38,850
Cash and cash equivalents at the end of the year	1,36,76,390	1,75,99,886
Supplementary information		
Restricted cash balance	6,61,871	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 21, 2019

for and on behalf of the Board of Directors of Skava Systems Private Limited

Satish H.C
Director

Scott Sorokin
Director

1. Company overview and significant accounting policies

1.1 Company overview

Skava Systems Private Limited('the Company') is a private limited company incorporated and domiciled in India and has its registered office at Coimbatore, Tamil Nadu, India. 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 Private Limited, 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 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.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Use of estimates

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

The Company derives revenues primarily from software development and related services.

Effective April 1, 2018, the Company adopted Ind AS 115, Revenue from Contracts with Customers using the cumulative catch-up transition method, applied to contracts that were not completed as at April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Arrangements with customers are 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 invoicing to the reporting date is recognized as unbilled revenue.

The Company presents revenues net of indirect taxes in its statement of Profit and loss.

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.

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.

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

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 sharesplits 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.

The Company has adopted Appendix B to Ind AS 21, Foreign Currency Transactions and Advance Consideration which clarifies the date of 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. The effect on account of adoption of this amendment was insignificant.

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

Ind AS 116, Leases : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.
- Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:
- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.

The effect of adoption as on transition date would result in an increase in right of use asset and lease liability in the range of ₹9,00,00,000 to ₹12,00,00,000.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix

C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives. The Company does not have any impact on account of this amendment.

Amendment to Ind AS 12, Income taxes : On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, Income Taxes, in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement- On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, Employee Benefits, in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

2.1 Property, plant and equipment

The changes in the carrying value of property, plant and equipment for the year ended March 31, 2019 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, 2018	97,72,469	1,24,17,010	65,34,928	4,33,56,625	2,67,71,328	9,88,52,360
Additions	–	24,830	17,88,930	3,96,09,934	29,800	4,14,53,494
Gross carrying value as of March 31, 2019	97,72,469	1,24,41,840	83,23,858	8,29,66,559	2,68,01,128	14,03,05,854
Accumulated depreciation as of April 1, 2018	62,82,683	89,52,972	45,40,044	3,09,93,860	1,89,48,248	6,97,17,807
Depreciation	13,48,781	13,43,611	10,70,165	98,20,025	29,97,350	1,65,79,932
Accumulated depreciation as of March 31, 2019	76,31,464	1,02,96,583	56,10,209	4,08,13,885	2,19,45,598	8,62,97,739
Carrying value as of March 31, 2019	21,41,005	21,45,257	27,13,649	4,21,52,674	48,55,530	5,40,08,115

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

In ₹

Particulars	Leasehold land	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

Particulars	Leasehold land	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
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	45,40,044	3,09,93,860	1,89,48,248	6,97,17,807
Carrying value as of March 31, 2018	34,89,786	34,64,038	19,94,884	1,23,62,765	78,23,079	2,91,34,552

2.2 Investments

In ₹

Particulars	As at March 31	
	2019	2018
Current investments		
Unquoted investment carried at fair value through profit or loss		
Liquid mutual fund units (Refer to Note 2.2.1)	5,00,22,217	4,54,88,602
Total current investments	5,00,22,217	4,54,88,602
Market value of investments	5,00,22,217	4,54,88,602

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,			
	2019		2018	
	Units	Amount	Units	Amount
Aditya Birla Sun Life Cash Manager - Growth - regular plan	1,11,344	5,00,22,217	1,08,940	4,54,88,602
	1,11,344	5,00,22,217	1,08,940	4,54,88,602

2.3 Loans

In ₹

Particulars	As at March 31	
	2019	2018
Current		
Unsecured, considered good		
Other loans		
Loans and advances to employees	36,67,616	42,45,742
Total current loans	36,67,616	42,45,742

2.4 Other financial assets

In ₹

Particulars	As at March 31	
	2019	2018
Non-current		
Rental deposits (1)	1,11,19,096	1,11,19,096
Total non-current other financial assets	1,11,19,096	1,11,19,096
Current		
Security deposits (1)	2,000	2,000
Interest accrued but not due (1)	25,422	22,738
Others (1) (2)	1,40,794	54,356
Total current other financial assets	1,68,216	79,094

Particulars	As at March 31	
	2019	2018
Total other financial assets	1,12,87,312	1,11,98,190
(1) Financial assets carried at amortized cost	1,12,87,312	1,11,98,190
(2) Includes dues from related parties (Refer to Note 2.19)	1,39,700	53,553

2.5 Trade receivables

In ₹

Particulars	As at March 31	
	2019	2018
Current		
Unsecured		
Considered good (1)	34,94,15,679	22,79,08,873
Total trade receivables	34,94,15,679	22,79,08,873
(1) Includes dues from related parties (refer to Note 2.19)	34,94,15,679	22,79,08,873

2.6 Cash and cash equivalents

In ₹

Particulars	As at March 31	
	2019	2018
Balances with banks		
In current and deposit accounts(1)	1,35,92,223	1,75,64,729
Cash on hand	84,167	35,157
Total cash and cash equivalents	1,36,76,390	1,75,99,886

(1) Cash and Cash equivalents as at March 31, 2019 and March 31, 2018 include restricted cash and bank balances of ₹6,61,871 and ₹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	
	2019	2018
Non-current		
Others		
Prepaid expenses	18,30,853	–
Total non-current other assets	18,30,853	–
Current		
Others		
Prepaid expenses	18,83,558	17,35,135
Withholding taxes and others	10,24,522	10,35,008
Total current other assets	29,08,080	27,70,143

2.8 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments as at March 2019 by categories 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)	1,36,76,390	–	–	1,36,76,390	1,36,76,390
Liquid mutual fund units (Refer to Note 2.2)	–	–	5,00,22,217	5,00,22,217	5,00,22,217
Trade receivables (Refer to Note 2.5)	34,94,15,679	–	–	34,94,15,679	34,94,15,679
Loans (Refer to Note 2.3)	36,67,616	–	–	36,67,616	36,67,616

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory		
Other financial assets (Refer to Note 2.4)	1,12,87,312	–	–	1,12,87,312	1,12,87,312
Total	37,80,46,997	–	5,00,22,217	42,80,69,214	42,80,69,214
Liabilities					
Trade payables (Refer to Note 2.11)	5,80,291	–	–	5,80,291	5,80,291
Other financial liabilities (Refer to Note 2.10)	6,44,84,670	–	–	6,44,84,670	6,44,84,670
Total	6,50,64,961	–	–	6,50,64,961	6,50,64,961

The carrying value and fair value of financial instruments as at March 2018 by categories 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

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, 2019	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units (Refer to Note 2.2.1)	5,00,22,217	5,00,22,217	–	–

The fair value hierarchy of assets and liabilities measured at fair value on a recurring basis are as follows:

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 to Note 2.2.1)	4,54,88,602	4,54,88,602	–	–

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.

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 analyses of foreign currency risk from monetary assets and liabilities are as follows:

In ₹

Particulars	As at March 31,	
	2019	2018
Accounts receivable	34,94,15,679	22,79,08,873

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹34,94,15,679 and ₹22,79,08,873 as of March 31, 2019 and March 31, 2018 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, 2019, the Company had a working capital of ₹34,04,62,069 including cash and cash equivalents of ₹1,36,76,390 and current investments of ₹5,00,22,217. As of March 31, 2018, the Company had a working capital of ₹25,19,76,008 including cash and cash equivalents of ₹1,75,99,886 and current investments of ₹4,54,88,602.

As of March 31, 2019 and March 31, 2018, the outstanding compensated absences were ₹79,97,359 and ₹63,04,928, respectively

2.9 Equity

Equity share capital

in ₹, except as otherwise stated

Particulars	As at March 31,	
	2019	2018
Authorized		
Equity shares, ₹10/- par value		
50,000 (50,000) equity shares	5,00,000	5,00,000
Issued, subscribed and paid-up		
Equity shares, ₹10/- par value	2,50,000	2,50,000
25,000 (25,000) equity shares fully paid-up		
	2,50,000	2,50,000

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

in ₹, except as stated otherwise

Name of the shareholder	As at March 31, 2019		As at March 31, 2018	
	number of shares	% held	number of shares	% held
Infosys Limited	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,	
	2019	2018
Current		
Accrued compensation to employees (1)	5,03,59,688	1,94,41,568
Accrued expenses (1)	48,26,935	49,82,796
Compensated absences	79,97,359	63,04,928
Other payables (1) (2)	92,98,047	–

Particulars	As at March 31,	
	2019	2018
	7,24,82,029	3,07,29,292
Total current other financial liabilities	7,24,82,029	3,07,29,292
[1] Financial liability carried at amortized cost	6,44,84,670	2,44,24,364
[2] Includes amount due to related parties (Refer to Note 2.19)	92,98,047	–

2.11 Trade payables

In ₹

Particulars	As at March 31,	
	2019	2018
Trade payables	5,80,291	83,11,409
Total trade payables	5,80,291	83,11,409

The principal amount remaining unpaid as at March 31, 2019 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 ₹2,14,260 (Previous 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.

2.12 Other Liabilities

In ₹

Particulars	As at March 31,	
	2019	2018
Non-current		
Others		
Accrued gratuity	2,10,57,076	1,63,60,751
Total non-current other liabilities	2,10,57,076	1,63,60,751
Current		
Others		
Accrued gratuity	6,61,956	5,89,098
Withholding taxes and others	56,71,853	64,86,533
Total current other liabilities	63,33,809	70,75,631

2.13 Income taxes

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

In ₹

Particulars	Years ended March 31,	
	2019	2018
Current taxes	1,80,99,886	2,04,97,247
Deferred taxes	(1,30,82,895)	(6,48,81,793)
Income tax expense	50,16,991	(4,43,84,546)

The Company is under MAT for the year ending March 31, 2019 and March 31, 2018.

Current tax expense for the years ended March 31, 2019 and March 31, 2018 includes reversals (net of provisions) amounting to ₹7,99,875 and ₹18,53,040 respectively, pertaining to prior periods.

Entire deferred income tax for the years ended March 31, 2019 and March 31, 2018 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,	
	2019	2018
Profit before income tax	9,18,04,082	10,47,10,167
Enacted tax rates in India	27.820%	33.063%
Computed expected tax expense	2,55,39,896	3,46,20,323
Tax reversals	(7,99,875)	(18,53,040)
Deferred tax and MAT credit of earlier years	(8,39,117)	(5,01,54,183)
Effect of differential tax rates on account of MAT	–	–

Particulars	Years ended March 31,	
	2019	2018
Tax effect due to non-taxable income for Indian tax purposes	(1,81,56,397)	(2,46,96,115)
Effect of non-deductible expenses	5,25,205	4,59,094
Others	(12,52,721)	(27,60,625)
Income tax expense	50,16,991	(4,43,84,546)

The applicable Indian statutory tax rate for fiscal year 2019 is 27.820% and fiscal year 2018 is 33.063%.

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,	
	2019	2018
Income tax assets	40,14,797	58,38,584
Net current income tax assets/ (liability) at the end	40,14,797	58,38,584

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

In ₹

Particulars	As at March 31,	
	2019	2018
Net current income tax asset at the beginning	58,38,584	39,63,163
Income tax paid, net of refund	1,62,30,520	2,24,98,736
Current income tax expense	(1,80,99,886)	(2,04,97,247)
Income tax on other comprehensive income	45,579	(1,26,068)
Net current income tax asset at the end	40,14,797	58,38,584

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

In ₹

Particulars	As at March 31,	
	2019	2018
Deferred income tax assets		
Property, plant and equipment	49,98,685	51,48,605
Gratuity and others assets	40,68,696	34,26,991
MAT Credit Entitlement	6,88,97,307	5,63,06,197
Total deferred income tax assets	7,79,64,688	6,48,81,793

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

In ₹

Particulars	As at March 31,	
	2019	2018
Net deferred income tax asset at the beginning	6,48,81,793	–
Credits relating to temporary differences	1,30,82,895	6,48,81,793
Net deferred income tax asset at the end	7,79,64,688	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, MAT credit 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 ₹6,88,97,307 and ₹5,63,06,197 as on March 31, 2019 and March 31, 2018, respectively.

The credit relating to temporary differences during the year ended March 31, 2019 and March 31, 2018 are primarily on account of MAT, property, plant and equipment, gratuity and other assets.

2.14 Revenue from operations

In ₹

Particulars	Years ended March 31,	
	2019	2018
Income from software development services	53,85,33,352	56,77,41,231
Total revenue from operation	53,85,33,352	56,77,41,231

2.15 Other income

In ₹

Particulars	Years ended March 31,	
	2019	2018
Interest received on financial assets carried at amortized cost		
Deposits with banks and others	46,116	43,922
Gain/ (loss) on investments carried at fair value through profit or loss	49,33,615	1,03,44,257
Exchange gains/ (losses) on translation of assets and liabilities	1,51,79,149	13,05,088
Miscellaneous income	2,49,550	3,76,682
Total other income	2,04,08,430	1,20,69,949

2.16 Expenses

In ₹

Particulars	Years ended March 31,	
	2019	2018
Employee benefit expenses		
Salaries including bonus	36,81,52,813	37,08,45,528
Contribution to provident and other funds	1,48,10,534	1,53,92,646
Share based payments to employees	21,68,033	35,17,733
Staff welfare	1,34,68,231	1,02,31,576
Total employee benefit expenses	39,85,99,611	39,99,87,483

Particulars	Years ended March 31,	
	2019	2018
Cost of software packages and others		
For own use	19,14,350	7,44,897
Total cost of software packages and others	19,14,350	7,44,897
Other expenses		
Power and fuel	70,60,264	77,91,090
Operating lease payments (Refer to Note 2.17)	2,52,20,332	2,18,73,696
Rates and taxes	6,689	18,743
Repairs and maintenance	47,26,816	48,17,061
Consumables	11,81,851	18,90,442
Insurance	3,60,936	2,54,821
Auditor's remuneration		
Statutory audit fees	7,00,000	7,00,000
Contributions towards corporate social responsibility (Refer to Note 2.16.1)	18,86,753	13,72,300
Loss on sale of fixed assets	–	14,36,572
Others	2,60,440	4,25,157
Total other expenses	4,14,04,081	4,05,79,882

2.16.1 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 destitute care and rehabilitation, infrastructure for differently abled rehabilitation and sanitation

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 ₹18,86,753

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	18,86,753	–	18,86,753

2.17 Leases

The lease rentals charged during the period are as follows:

In ₹

Particulars	Years ended March 31,	
	2019	2018
Lease rentals recognized during the period	2,52,20,332	2,18,73,696

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,	
	2019	2018
Not later than 1 year	2,32,14,843	2,15,79,936
Later than 1 year and not later than 5 years	4,43,67,025	7,08,22,357
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:

In ₹

Particulars	As at March 31	
	2019	2018
Change in benefit obligations		
Benefit obligations at the beginning	1,69,49,849	1,40,33,758
Service cost	46,16,452	37,24,985
Net interest on the net defined benefit liability/ asset	12,29,597	9,49,095
Remeasurements actuarial (gains)/ losses	4,75,374	(12,00,482)
Benefits paid	(15,52,240)	(5,57,507)
Benefit obligations at the end	2,17,19,032	1,69,49,849

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

In ₹

Particulars	Years ended March 31,	
	2019	2018
Service cost	46,16,452	37,24,985
Net interest on the net defined benefit liability/ asset	12,29,597	9,49,095
Net gratuity cost	58,46,049	46,74,080

Amount recognized in statement of other comprehensive income is as follows:

In ₹

Particulars	Years ended March 31,	
	2019	2018
Actuarial (gains)/ losses	4,75,374	(12,00,482)
	4,75,374	(12,00,482)

In ₹

Particulars	Years ended March 31,	
	2019	2018
(Gain)/ loss from change in experience assumptions	(7,55,976)	3,77,023
(Gain)/ loss from change in financial assumptions	12,31,350	(15,77,505)
	4,75,374	(12,00,482)

The weighted-average assumptions used to determine net periodic benefit cost for the year ended March 31, 2019 and March 31, 2018 are as follows set out below:

Particulars	Years ended March 31,	
	2019	2018
Discount rate	7.50%	6.90%
Weighted average rate of increase in compensation levels	5.0%	5.0%

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

Particulars	Years ended March 31,	
	2019	2018
Discount rate	7.10%	7.50%
Weighted average rate of increase in compensation levels	5.00%	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, 2019, every percentage point increase/ decrease in discount rate will affect our gratuity benefit obligation by approximately ₹32,34,178.

As of March 31, 2019, every percentage point increase/ decrease in weighted average rate of compensation levels will affect our gratuity benefit obligation by approximately ₹32,28,199.

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:

Within 1 year	6,85,052
1-2 years	9,14,483
2-3 years	12,19,941
3-4 years	16,01,280
4-5 years	18,94,549
5-10 years	1,36,42,305

b. Provident fund

The Company contributed ₹1,42,65,403 during the year ended March 31, 2019 ₹1,46,31,159 during the year ended March 31, 2018.

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 related parties

Name of the holding company	Country	Holding as at March 31,	
		2019	2018
Infosys Limited	India	100%	100%

List of fellow subsidiary companies

Name of the subsidiary companies	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 Austria GmbH(1) (formerly Lodestone Management Consultants GmbH)	Austria
Kallidus Inc. (Kallidus)	US
Infosys Chile SpA(2)	Chile
Infosys Arabia Limited(3)	Saudi Arabia
Infosys Consulting Ltda.(3)	Brazil
Infosys CIS LLC(1)(22)	Russia
Infosys Luxembourg S.a.r.l (1)(17)	Luxembourg
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 Inc(23)	Canada
Infosys Canada Public Services Ltd(24)	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o.(5)	Czech Republic
Infosys 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)	Switzerland
Lodestone Management Consultants Inc.(6)(15)	US
Infosys Management Consulting Pty Limited(6)	Australia
Infosys Consulting AG(6)	Switzerland
Infosys Consulting GmbH(6)	Germany
Infosys Consulting SAS(6)	France
Infosys Consulting s.r.o.(6)	Czech Republic
Infosys Consulting (Shanghai) Co. Ltd. (formerly Lodestone Management Consultants Co., Ltd.)(6)	China
Infy Consulting Company Ltd(6)	UK
Infy Consulting B.V.(6)	The Netherlands
Infosys Consulting Sp. z.o.o(6)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (6)	Portugal
S.C. Infosys Consulting S.R.L.(1)	Romania
Infosys Consulting S.R.L.(6)	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)(7)	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd.(8)	Israel
Panaya GmbH(8)	Germany
Panaya Japan Co. Ltd(4)(8)	Japan
Noah Consulting LLC (Noah)(9)	US
Noah Information Management Consulting Inc. (Noah Canada)(10)	Canada
Brilliant Basics Holdings Limited (Brilliant Basics)(11)	UK
Brilliant Basics Limited(12)	UK
Brilliant Basics (MENA) DMCC(12)	Dubai
Infosys Consulting Pte Limited (Infosys Singapore)(1)	Singapore
Infosys Middle East FZ LLC(13)	UAE

Name of the subsidiary companies	Country
Fluido Oy(13)(18)	Finland
Fluido Sweden AB (Extero)(19)	Sweden
Fluido Norway A/S(19)	Norway
Fluido Denmark A/S(19)	Denmark
Fluido Slovakia s.r.o(19)	Slovakia
Fluido Newco AB(19)	Sweden
Infosys Compaz PTE. Ltd (formerly Trusted Source Pte. Ltd) (13)(20)	Singapore
Infosys South Africa (Pty) Ltd(13)(21)	South Africa
WongDoody Holding Company Inc. (WongDoody) (14)	US
WDW Communications, Inc(16)	US
WongDoody, Inc(16)	US

(1) Wholly-owned subsidiary of Infosys Limited
(2) Incorporated effective November 20, 2017
(3) Majority owned and controlled subsidiary of Infosys Limited
(4) Under liquidation
(5) Wholly owned subsidiary of Infosys BPM
(6) Wholly owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Majority owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(8) Wholly owned subsidiary of Panaya Inc.
(9) Liquidated effective November 9, 2017
(10) Wholly owned subsidiary of Noah. Liquidated effective December 20, 2017
(11) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holding Limited
(12) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(13) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(14) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
(15) Liquidated effective May 17, 2018
(16) Wholly-owned subsidiary of WongDoody
(17) Incorporated effective August 6, 2018
(18) On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
(19) Wholly-owned subsidiary of Fluido Oy
(20) On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
(21) Incorporated effective December 19,2018
(22) Incorporated effective November 29, 2018
(23) Incorporated effective November 27, 2018, wholly owned subsidiary Infosys Public Services Inc
(24) Liquidated effective May 9, 2017, wholly owned subsidiary Infosys Public Services Inc

Associate

DWA Nova LLC, an associate of Infosys limited 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 March 31,	
	2019	2018
Trade receivables		
Kallidus Inc.	34,94,15,679	22,79,08,873
	34,94,15,679	22,79,08,873
Other financial assets		
Infosys ltd	1,39,700	53,553
	1,39,700	53,553
Other financial liabilities		
Infosys ltd	92,98,047	–
	92,98,047	–
Trade payables		
Infosys ltd	–	71,01,054
	–	71,01,054

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

In ₹

Particulars	Years ended March 31,	
	2019	2018
Revenue transactions		
Sale of software development services		
Kallidus Inc.	53,85,33,352	56,77,41,231
	53,85,33,352	56,77,41,231

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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Kallidus, Inc.

Independent Auditor's 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, 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 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.

Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, 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.

Independent Auditor's Report (continued) 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, 2018 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

Amrit Bhansali
Partner
Membership number: 065155

Bengaluru
May 3, 2019

Balance Sheet

In US $

Particulars	Note no.	As at December 31, 2018	As at December 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	1,100,463	1,536,735
Intangible assets	2.1	–	1,501,370
Deferred tax assets, net	2.11	7,002,569	2,045,018
Income tax assets, net	2.11	10,677	4,254,070
Total non-current assets		8,113,709	9,337,193
Current assets			
Financial assets			
Trade receivables	2.3	3,070,106	6,442,460
Cash and cash equivalents	2.4	3,626,934	8,269,697
Other financial assets	2.2	181,898	772,577
Other current assets	2.5	806,179	726,316
Total current assets		7,685,117	16,211,050
Total assets		15,798,826	25,548,243
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.7	2,479,691	2,479,691
Other equity		(2,518,066)	9,836,407
Total equity		(38,375)	12,316,098
Liabilities			
Non-current liabilities			
Deferred tax liabilities	2.11	–	787,812
Total non-current liabilities		–	787,812
Current liabilities			
Financial liabilities			
Borrowings	2.8	6,000,000	–
Trade payables	2.9	4,396,419	4,572,583
Other financial liabilities	2.8	4,513,039	6,550,945
Other current liabilities	2.10	927,743	1,320,804
Total current liabilities		15,837,201	12,444,332
Total equity and liabilities		15,798,826	25,548,242

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.

Amrit Bhansali
Partner
Membership number: 065155

Satish H.C
Director

Frank Clark
Director

Bengaluru
May 3, 2019

Statement of Profit and Loss

In US $, except equity share and per equity share data

Particulars	Note no.	Years ended December 31	
		2018	2017
Revenue from operations	2.12	14,779,639	29,558,184
Other income, net	2.13	195,370	33,931
Total income		14,975,009	29,592,115
Expenses			
Employee benefit expenses	2.14	17,172,883	17,466,598
Finance cost		108,493	–
Cost of technical sub-contractors		8,512,652	10,827,442
Travel expenses		1,086,598	1,385,217
Cost of software packages and others	2.14	341,992	328,177
Communication expenses		2,494,411	3,719,085
Consultancy and professional charges		773,681	1,674,484
Depreciation and amortization expense	2.1	784,638	925,892
Other expenses	2.14	1,239,370	7,348,264
Total expenses		32,514,718	43,675,159
Loss before tax		(17,539,709)	(14,083,044)
Tax expense			
Current tax	2.11	560,127	(4,545,427)
Deferred tax	2.11	(5,745,363)	898,845
Loss for the year		(12,354,473)	(10,436,462)
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		(12,354,473)	(10,436,462)
Earnings per equity share			
Equity shares			
Basic and diluted (US $)		(0.12)	(0.10)
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.

Amrit Bhansali
Partner
Membership number: 065155

Satish H.C
Director

Frank Clark
Director

Bengaluru
May 3, 2019

Statements of Cash Flows

In US $

Particulars	Note no.	Years ended December 31, 2018	2017
Cash flow from operating activities:			
Loss for the year		(12,354,473)	(10,436,462)
Adjustments to reconcile net profit to net cash provided by operating activities			
Income taxes expenses		(5,185,236)	(3,646,582)
Depreciation and amortization expense		784,638	925,892
Interest and other income		(18,774)	(25,248)
Finance cost		108,493	–
(Profit)/ loss on sale of assets		(123,602)	6,022
Impairment loss recognized/ (reversed) under expected credit loss model		(624,556)	823,973
Changes in operating assets and liabilties			
Trade Receivable and unbilled revenue		4,555,126	10,624,931
Prepayments and other assets		(47,400)	243,638
Trade Payables		(176,164)	1,545,162
Unearned revenues and other liabilities		(2,539,460)	(1,433,703)
Cash generated by operating activities		(15,621,408)	(1,372,377)
Income taxes paid		3,683,266	(2,246,934)
Net cash (used in)/ generated by operating activities		(11,938,142)	(3,619,311)
Cash flow from investing activities:			
Purchase of property, plant and equipment		(23,394)	(518,031)
Sale of property, plant and equipment and intengible assets		1,300,000	
Purchase of intangible assets		–	(2,000,000)
Interest and other income		18,774	25,248
Net cash generated by investing activities		1,295,380	(2,492,783)
Cash flow from financing activities:			
Proceeds from Short Term Borrowings (Refer to Note 2.8)		6,000,000	–
Net cash generated by financing activities		6,000,000	–
Net (decrease)/increase in cash and cash equivalents		(4,642,763)	(6,112,095)
Cash and cash equivalents at the beginning of the year		8,269,697	14,381,792
Cash and cash equivalents at the end of the year	2.4	3,626,934	8,269,697

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-00022

for and on behalf of the Board of Directors of Kallidus, Inc.

Amrit Bhansali
Partner
Membership number: 065155

Satish H.C
Director

Frank Clark
Director

Bengaluru
May 3, 2019

Statement of Changes in Equity

Amount in US $

	Share Capital	Retained earnings	Total equity of the Company
Balance as of January 1, 2017	2,479,691	20,272,869	22,752,560
Net loss for the year	–	(10,436,462)	(10,436,462)
Balance as of December 31, 2017	2,479,691	9,836,407	12,316,098
Balance as of January 1, 2018	2,479,691	9,836,407	12,316,098
Net loss for the year	–	(12,354,473)	(12,354,473)
Balance as of December 31, 2018	2,479,691	(2,518,066)	(38,375)

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.

Amrit Bhansali
Partner
Membership number: 065155

Satish H.C
Director

Frank Clark
Director

Bengaluru
May 3, 2019

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 Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. 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.

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 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 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.

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 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/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 ocurred.

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

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.

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.

1.20 Recent accounting pronouncements

Appendix B to Ind AS 21 - Foreign currency transactions and advance consideration: On March 28, 2018, the Ministry of Corporate Affairs (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.

Ind AS 115 - Revenue from Contract with Customers: On March 28, 2018, the MCA 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.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach).

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

The Company will adopt the standard on January 1, 2019 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended December 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

2. Notes to the Standalone Financial Statements

2.1 Property, plant and equipment and intangible assets

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

in US $

Particulars	Property, plant and equipment				Tangible	INTANGIBLE	
	Leasehold Improvements	Office Equipment	Computer equipment	Furniture and fixtures	Total	Software	Total
Gross carrying value as of January 1, 2018	1,218,609	44,119	609,956	179,394	2,052,078	2,000,000	4,052,078
Additions during the year	–	3,980	18,840	574	23,394	–	23,394
Deletions during the year	–	–	(871)	(28,478)	(29,349)	(2,000,000)	(2,029,349)
Gross carrying value as of December 31, 2018	1,218,609	48,099	627,925	151,490	2,046,123	–	2,046,123
Accumulated depreciation as of January 1, 2018	(297,965)	(5,308)	(170,146)	(41,924)	(515,343)	(498,630)	(1,013,973)
Depreciation and amortization charge for the year	(245,479)	(10,821)	(164,984)	(30,934)	(452,218)	(332,420)	(784,638)
Accumulated depreciation on deletions	–	–	623	21,278	21,901	831,050	852,951
Accumulated depreciation as of December 31, 2018	(543,444)	(16,129)	(334,507)	(51,580)	(945,660)	0	(945,660)
Carrying value as of December 31, 2018	675,165	31,971	293,418	99,910	1,100,463	0	1,100,463

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

in US $

Particulars	Property, plant and equipment				Tangible	INTANGIBLE	
	Leasehold Improvements	Office Equipment	Computer equipment	Furniture and fixtures	Total	Software	Total
Gross carrying value as of January 1, 2017	1,139,287	1,933	372,457	29,794	1,543,471	–	1,543,471
Additions during the year	79,322	42,186	246,725	149,799	518,031	2,000,000	2,518,031
Deletions during the year	–	–	(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 charge for the year	(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	1,501,370.00	3,038,105

The aggregate depreciation/amortization expenses has 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,	
	2018	31, 2017
Current		
Rental deposits [(1)]	31,178	66,178
Unbilled revenues [(1)(2)]	142,665	700,881
Others [(1)]	8,055	5,518
Total	181,898	772,577
[(1)] Financial assets carried at amortized cost	181,898	772,577
[(2)] Includes dues from related party (Refer to Note 2.16)	820	–

2.3 Trade receivables

In US $

Particulars	As at December 31,	
	2018	2017
Current		
Unsecured		
Considered good [(1)]	3,070,106	6,442,460
Credit impaired	199,417	776,925
	3,269,523	7,219,385
Less: Allowances for credit loss	199,417	776,925
	3,070,106	6,442,460
[(1)] Includes dues from related party (Refer to Note 2.16)	1,169,500	4,097,965

2.4 Cash and cash equivalents

in US $

Particulars	As at December 31,	
	2018	2017
Balances with bank		
In current accounts	3,626,934	8,269,697
Total cash and cash equivalents	3,626,934	8,269,697

2.5 Other assets

In US $

Particulars	As at December 31,	
	2018	2017
Current		
Others		
Prepaid expenses	806,179	726,316
	806,179	726,316
Total current other assets	806,179	726,316

2.6 Financial instruments

Financial instruments by category

The carrying value of financial instruments were as follows:

in US $

Particulars	As at December 31,	
	2018	2017
Assets		
Cash and cash equivalents (Refer to Note 2.4)	3,626,934	8,269,697
Trade receivables (Refer to Note 2.3)	3,070,106	6,442,460
Other financial assets (Refer to Note 2.2)	181,898	772,577
Total	6,878,938	15,484,734
Liabilities		
Trade payables (Refer to Note 2.9)	4,396,419	4,572,583
Borrowings	6,000,000	–
Other financial liabilities (Refer to Note 2.8)	3,974,733	5,923,566
Total	14,371,152	10,496,149

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 $ 3,070,106 and US $ 6,442,460 as of December 31, 2018 and December 31, 2017, respectively and unbilled revenue amounting to US $ 142,665 and US $ 700,881 as of December 31, 2018 and December 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 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/ (reversal) for lifetime expected credit loss on customer balances for the year ended December 31, 2018 was US $ (624,556) and US $ 823,973 for the year ended December 31, 2017.

In US $

Particulars	Years ended December 31,	
	2018	2017
Balance at the beginning	823,973	–
Impairment loss recognized/ reversed	(624,556)	823,973
Balance at the end	199,417	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.

As of December 31, 2018, the Company had a negative working capital of US$ 8,152,084 including cash and cash equivalents of US$ 3,626,934. 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.

2.7 Equity

Equity share capital

in US$

Particulars	As at December 31,	
	2018	2017
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

Each holder of equity shares is entitled to one vote per share

The details of shareholder holding more than 5% shares as at December 31, 2018 and December 31, 2017 are as follows:

Name of the shareholder	As at December 31, 2018		As at December 31, 2017	
	Number of shares	% held	Number of shares	% held
Infosys Limited	102,135,416	100.00	102,135,416	100.00

2.8 Other financial liablities

in US$

Particulars	As at December 31,	
	2018	2017
Current		
Others		
Accrued compensation to employees [1]	1,600,002	5,189,356
Accrued expenses [1] [2]	2,092,998	613,432
Compensated absences	538,306	627,379
Accured interest on Loan from Subsidiary [1][4]	108,493	–
Other payables [1] [3]	173,240	120,778
	4,513,039	6,550,945
Total financial liabilities	4,513,039	6,550,945
[1] Financial liability carried at amortized cost	3,974,733	5,923,566
[2] Includes dues to related party (Refer to Note 2.16)	1,515,994	23,167
[3] Includes dues to related party (Refer to Note 2.16)	162,987	115,806
[4] Includes dues to related party (Refer to Note 2.16)	108,493	–

2.9 Trade payables

In US$

Particulars	As at December 31,	
	2018	,2017
Trade payables[1]	4,396,419	4,572,583
	4,396,419	4,572,583
[1]Includes dues to related parties (Refer to Note 2.16)	4,237,210	4,428,821

2.10 Other liabilities

In US$

Particulars	As at December 31,	
	2018	2017
Current		
Unearned revenue	667,991	768,309
Others		
Withholding taxes and others	34,934	4,712
Deferred rent	224,818	269,782
Advance received from clients	–	278,001
	927,743	1,320,804

2.11 Borrowings

Particulars	As at December 31,	
	2018	2017
Current		
Unsecured loan from fellow subsidiary	6,000,000	–
Total current borrowings	6,000,000	–

The loan was borrowed from Infosys Public Services, Inc. in April, 2018 for 12 months at interest rate of 2.5%. (Refer related party note 2.16)

2.12 Income taxes

Income tax expense in the statement of profit and loss comprises:

In US$

Particulars	Years ended December 31,	
	2018	2017
Current taxes	560,127	(4,545,427)
Deferred taxes	(5,745,363)	898,845
Income tax expense	(5,185,236)	(3,646,582)

Current tax expense for the years ended, December 31, 2018 and December 31, 2017 includes provision/ (reversal) amounting to US$ (691,931) and US$ 13,206 respectively pertaining to prior periods

Entire deferred income tax for the years ended, December 31, 2018 and December 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 US$

Particulars	Years ended December 31,	
	2018	2017
Profit before income taxes	(17,539,709)	(14,083,044)
Enacted tax rates in US	27.00%	41.00%
Computed expected tax expense	(4,735,722)	(5,774,048)
State minimum taxes	5,000	5,000
Tax provision/(reversal)	(691,931)	352,775
Overseas withholdings	1,247,059	–
Effect of unrecognized deferred tax assets	(131,168)	191,898
Effect of differential overseas tax rates	–	1,485,051
Effect of non-deductible expenses	64,528	89,988
Others	(943,002)	2,754
Income tax expense	(5,185,236)	(3,646,582)

The applicable federal statutory tax rate for both year ending 2018 and year ending 2017 is 27% and 41%, respectively .

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

in US$

Particulars	As at December 31,	
	2018	2017
Income tax assets	10,677	4,254,070
Net current income tax assets/ (liability) at the end	10,677	4,254,070

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

In US$

Particulars	Years ended December 31,	
	2018	2017
Net current income tax asset/ (liability) at the beginning	4,254,070	(2,538,291)
Income tax paid/ (refund)	(3,683,266)	2,246,934
Current income tax expense	(560,127)	4,545,427
Net current income tax asset/ (liability) at the end	10,677	4,254,070

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	
	2018	2017
Deferred income tax assets		
Accrued compensation to employees	432,000	1,401,126
Compensated absences	145,343	169,392
Accumulated losses	4,972,814	–
Others	1,545,962	474,500
Total deferred income tax assets	7,096,119	2,045,018
Deferred income tax liabilities		
Fixed assets	93,550	315,889
Others	–	471,923
Total deferred income tax liabilities	93,550	787,812
Deferred income tax assets after set off	7,002,569	2,045,018
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. 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,	
	2018	2017
Net deferred income tax asset at the beginning	1,257,206	2,156,051
Credits/ (charge) relating to temporary differences	5,745,363	(898,845)
Net deferred income tax asset at the end	7,002,569	1,257,206

The credit to temoprary difference during the year, December 31, 2018, are primarily on account of deferred tax assest recognized on accumulated losses partially offest by accured compensation to employees

The credit to temporary difference during the year December 31, 2017 are primarily on account of accured compensation to employees and compensated absences.

2.12 Revenue from operations

In US $

Particulars	Years ended December 31, 2018	2017
Revenue from software services	14,779,639	29,558,184
	14,779,639	29,558,184

2.13 Other income

in US $

Particulars	Years ended December 31, 2018	2017
Interest received on financial assets–Carried at amortized cost		
Deposit with bank and others	18,774	25,248
Profit/(loss) on sale of assets	123,602	(6,022)
Miscellaneous income, net	52,994	14,705
	195,370	33,931

2.14 Expenses

in US $

Particulars	Years ended December 31, 2018	2017
Employee benefit expenses		
Salaries including bonus	15,927,576	15,969,620
Staff welfare	1,245,307	1,496,978
	17,172,883	17,466,598
Cost of software packages and others		
Own use/third party hardware and applications	341,992	328,177
	341,992	328,177
Other expenses		
Brand and marketing	1,042,672	430,027
Operating lease payments	564,434	675,439
Rates and taxes	93,445	50,002
Repairs and maintenance	35,087	36,021
Consumables	395	1,254
Insurance	7,617	26,624
Donation	–	5,250,641
Allowances for credit losses on financial assets	(624,556)	823,973
Others	120,276	54,283
	1,239,370	7,348,264

2.15 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period is as under:

in US $

Particulars	Years ended December 31, 2018	2017
Lease rentals recognized during the period	564,434	675,439

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, 2018	2017
Not later than 1 year	842,772	818,031
Later than 1 year and not later than 5 years	3,296,797	3,200,774
Later than 5 years	–	861,095

The operating lease arrangements, is renewable on a periodic basis and extend upto a maximum of 7.5 years from the respective date of inception and relates to rented premises. The lease agreement also have price escalation clause.

2.16 Related party transactions

List of related parties:

Name of the holding company	December 31, 2018	December 31, 2017
Infosys Limited	100%	100%

List of related parties:

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
Infosys Austria GmbH(1) (formerly Lodestone Management Consultants GmbH)	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Infosys Chile SpA(2)	Chile
Infosys Arabia Limited(3)	Saudi Arabia
Infosys Consulting Ltda.(3)	Brazil
Infosys CIS LLC(1)(22)	Russia
Infosys Luxembourg S.a.r.l (1)(17)	Luxembourg
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)(4)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc(23)	Canada

Name of the subsidiary	Country
Infosys Canada Public Services Ltd[24]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o.[5]	Czech Republic
Infosys 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)	Switzerland
Lodestone Management Consultants Inc.[6][15]	US
Infosys Management Consulting Pty Limited[6]	Australia
Infosys Consulting AG[6]	Switzerland
Infosys Consulting GmbH[6]	Germany
Infosys Consulting SAS[6]	France
Infosys Consulting s.r.o.[6]	Czech Republic
Infosys Consulting (Shanghai) Co. Ltd. (formerly Lodestone Management Consultants Co., Ltd.)[6]	China
Infy Consulting Company Ltd[6]	UK
Infy Consulting B.V.[6]	The Netherlands
Infosys Consulting Sp. z.o.o[6]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [6]	Portugal
S.C. Infosys Consulting S.R.L.[1]	Romania
Infosys Consulting S.R.L.[6]	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)[7]	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd.[8]	Israel
Panaya GmbH[8]	Germany
Panaya Japan Co. Ltd[4][8]	Japan
Noah Consulting LLC (Noah)[9]	US
Noah Information Management Consulting Inc. (Noah Canada)[10]	Canada
Brilliant Basics Holdings Limited (Brilliant Basics)[11]	UK
Brilliant Basics Limited[12]	UK
Brilliant Basics (MENA) DMCC[12]	UAE
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[13]	UAE
Fluido Oy[13][18]	Finland
Fluido Sweden AB (Extero)[19]	Sweden
Fluido Norway A/S[19]	Norway
Fluido Denmark A/S[19]	Denmark
Fluido Slovakia s.r.o[19]	Slovakia
Fluido Newco AB[19]	Sweden
Infosys Compaz PTE. Ltd (formerly Trusted Source Pte. Ltd) [13][20]	Singapore
Infosys South Africa (Pty) Ltd[13][21]	South Africa

Name of the subsidiary	Country
WongDoody Holding Company Inc. (WongDoody) [14]	US
WDW Communications, Inc[16]	US
WongDoody, Inc[16]	US

[1] Wholly-owned subsidiary of Infosys Limited
[2] Incorporated effective November 20, 2017
[3] Majority owned and controlled subsidiary of Infosys Limited
[4] Under liquidation
[5] Wholly-owned subsidiary of Infosys BPM
[6] Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
[7] Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
[8] Wholly-owned subsidiary of Panaya Inc.
[9] Liquidated effective November 9, 2017
[10] Wholly owned subsidiary of Noah. Liquidated effective December 20, 2017
[11] On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holding Limited
[12] Wholly-owned subsidiary of Brilliant Basics Holding Limited.
[13] Wholly-owned subsidiary of Infosys Consulting Pte Ltd
[14] On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
[15] Liquidated effective May 17, 2018
[16] Wholly-owned subsidiary of WongDoody
[17] Incorporated effective August 6, 2018
[18] On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
[19] Wholly-owned subsidiary of Fluido Oy
[20] On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
[21] Incorporated effective December 19,2018
[22] Incorporated effective November 29, 2018
[23] Incorporated effective November 27, 2018, Wholly-owned subsidiary Infosys Public Services Inc
[24] Liquidated effective May 9, 2017, Wholly-owned subsidiary Infosys Public Services Inc

Name of the Associate	Country
DWA Nova LLC [1]	US

[1] Associate of Infosys limited 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,	
	2018	2017
Trade receivables		
Infosys Limited	1,169,500	1,141,465
Infosys Shanghai	–	2,956,500
	1,169,500	4,097,965
Unbilled revenue		
Infosys Limited	820	–
	820	–
Trade payables		
Infosys Limited	–	33,980
Skava Syatems Pvt. Ltd.	4,237,210	4,394,841
	4,237,210	4,428,821
Borrowings (including interest accrued)	–	–

Particulars	As at December 31,	
	2018	2017
Infosys Public Services, Inc.	6,108,492	–
	6,108,492	–
Other financial liabilities		
Infosys Limited	162,987	115,806
	162,987	115,806
Accrued expenses		
Infosys Limited	1,515,994	23,167
	1,515,994	23,167

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

in US $

Particulars	Years ended December 31,	
	2018	2017
Revenue transactions		
Purchase of services		
Infosys Limited	32,849	1,246,426
Skava Systems Pvt Ltd	7,759,185	8,568,229
	7,792,034	9,814,655
Sale of services		
Infosys Limited	5,589,477	8,368,988
	5,589,477	8,368,988
Finance cost		
Infosys Public services	108,493	–
	108,493	–

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, 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 Accounting Standard 108 - Segment-reporting.

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Infosys Chile SpA

Report of Independent Auditors

To the Shareholders and Board of Directors of Infosys Chile SpA

Report on the Financial Statements

We have audited the accompanying financial statements of Infosys Chile SpA., which comprise the Balance Sheet as of December 31, 2018, and the related statements of income, changes in equity, and cash flows for the year ended as well as 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 International Financial Reporting Standards. Such responsibility includes the design, implementation and maintenance of a relevant internal control to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud of 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 generally accepted auditing standards in Chile. 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 our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Consequently, we do not express such an opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Infosys Chile SpA., as of December 31, 2018, and the results of its operations, changes in equity and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other issues

Although it was created in November 20, 2017, the Company began its operations in the year, 2018.

Fernando Landa E.

March 7, 2019

Statement of Financial Position

In Th $

Particulars	Note no.	As at December 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	3	291.210
Other non-financial assets	5	11.668
Trade receivables of related parties	4	323.823
Total current assets		626.700
Total assets		626.701
CURRENT LIABILITIES		
Trade and other payables	6	55.229
Trade payables of related parties	4	2.140
Employee benefit liabilities	7	49.884
Total current liabilities		107.254
Equity		
Share capital	8	604.310
Retained earnings	8	(84.863)
Total equity		519.447
Total equity and liabilities		626.701

Attached notes from 1 to 12 are an integral part of these financial statements.

Statement of Comprehensive Income

In Th $

Particulars	Note no.	Year ended December 31, 2018
Continuing operations		
Revenues	9	323.823
Cost of sales	10	(241.823)
Gross profit		82.000
Administrative expenses	11	(166.510)
Financial expense		(247)
Exchange difference		(106)
Profit (loss) before taxes		(84.863)
Deferred tax income (expense)		–
Profit (loss) for the year		(84.863)

Attached notes from 1 to 12 are an integral part of these financial statements.

Statement of Changes in Equity

Chart of equity movements

In Th $

Particulars	Share capital	Retained earnings	Total equity
Balance at January 1, 2018	1.000	–	1.000
Loss of period	–	(84.863)	(84.863)
Capital contributions	603.310	–	603.310
Balance at December 31, 2018	604.310	(84.863)	519.447

Attached notes from 1 to 12 are an integral part of these financial statements.

Statement of Cash Flows

In Th $

Particulars	Year ended December 31, 2018
Net cash flows from operating activities:	
Payment suppliers, goods or services	(100.014)
Banking expenses	(274)
Paid taxes	(16.160)
Remunerations	(164.216)
Other expenses	(31.100)
Net cash used in investing activities	(311.764)
Financing activities:	
Capital contributions	602.974
Net cash (used in)/ from financing activities	602.974
Net increase in cash and cash equivalents	291.210
Cash and cash equivalents at beginning of year	–
Cash and cash equivalents at end of year	291.210

Attached notes from 1 to 12 are an integral part of these financial statements.

Notes to the Financial Statements

Note: 1 Corporate information

The Company Infosys Chile SpA is a Company by Shares, Tax ID 76.813.065-5, whose domicile is located in Rosario Norte # 407 Dept. # 1601, Santiago City, Commune Las Condes, Metropolitan Region.

Its incorporation took place on November 20, 2017, through Public Deed at the 27 Notary Public of Santiago 'Eduardo Avello Concha'.

Its main objective is the design, development and commercialization of software. Its partner and respective participation is:

Name	RUT	% Capital	% Utilities
Infosys Limited	59243420-2	100	100

Note 2: Basis of presentation of the financial statements and applied accounting criteria

2.1 Covered exercise

The present financial statements of the Company, include the following exercises:

Accumulated	December 31, 2018
Statement of financial position	Si
Statement of comprehensive income	Si
Statement of cash flows	Si
Statement of changes in equity	Si

2.2 Basis of preparation

a) Financial statement

The information contained in the financial statements as of December 31, 2018 is under the responsibility of the Company's Management, which expressly states that the principles and criteria included in the International Financial Reporting Standards have been applied in full IFRS.

b) Responsibility for information and financial statements

The information contained in these consolidated financial statements is under responsibility of the Company's Management, which expressly states that the principles and criteria included in the IFRS have been applied in full.

c) Administration estimations

In the preparation of the classified financial statements, certain estimates made by the Company's Management have been used to quantify some of the assets, liabilities, income, expenses and commitments recorded in them.

These estimates basically refer to:

The fiscal results, which will be submitted before the respective tax authorities in the future, which have served as the basis for the recording of the different balances related to the income taxes in these classified financial statements.

d) Accounting policies

The following describes the main accounting policies adopted in the preparation of these classified financial statements. As required by IFRS 1, these policies have been defined in accordance with IFRS, and have been applied consistently to all the years presented in these classified financial statements.

2.3 Presentation of financial statements

e) Statement of financial position

The Company has determined the current and non-current classification as presentation format for its statement of financial position.

f) Statement of cash flow

The Company has chosen to present its statement of cash flow in accordance with the direct method recommended in IAS 7.

g) Functional currency and conversion of foreign currency

The functional currency of the Company is the Chilean peso.

The financial statements are presented in Chilean pesos. The functional currency has been determined considering the economic environment in which the Company carries out its operations and the currency in which its main cash flows are generated, as indicated in IAS 21.

Transactions other than those made in the functional currency of the entity will be converted at the exchange rate in the effective rate on the date of the transaction. Monetary assets and liabilities expressed in currencies other than the functional currency will be converted back to the closing exchange rates of the financial statements.

Gains and losses from the conversion are included in the net profit or loss for the year, within other financial ítems.

h) Conversion bases

The closing exchange rates used in 2018:

Particulars	December 31, 2018
Dollars	694,77
Euros	794,75
Pesos	27.565,79

i) Compensation of balances and transactions

As a general rule in the financial statements, neither the assets and liabilities, nor the income and expenses are compensated, except in those cases in which the compensation is required or permitted by a disposition and this presentation is a reflection of the merits of the transaction.

j) Cash and cash equivalents

The cash and equivalent to cash corresponds to that available in bank accounts.

k) Accruals

The accruals are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources including economic benefits will be required to settle the obligation and a reliable estimation of the amount of the obligation.

l) Revenue recognition

The Company recognizes its income corresponding to each one of the payment statements approved by the principal.

Income is recognized to the extent that it is probable that the economic benefits will flow to the Company and can be reliably measured. Revenue is measured at the fair value of the payment received, excluding discounts, rebates and other sale taxes or duties.

m) Income and deferred tax

The Company accounts for Income Tax on the basis of the taxable net income determined according to the rules established in the chilean Income Tax Law and IAS 12.

The entity is in a start-up stage as of December 31, 2018. The deferred tax assets of tax losses and temporary differences will be recognized once the entity turns into profit allow his recovering.

n) Cost of sales and administrative expenses

Administrative expenses are mainly composed of disbursements associated with salaries or expenses of personnel directly related to services.

The administrative expenses are mainly composed of disbursements associated with legal and advisory services, patents, fines, notary fees, parking, telephone, etc.).

Note 3: Cash and cash equivalents

The composition of the item is as follows:

In Th $

Banks	December 31, 2018
Santander Bank	291.210
Total	291.210

The balance of the bank consists of funds kept in national currency, in bank account and whose value is equal to their fair value.

Note 4: Trade receivables and payables of related parties

The composition of the item is as follows:

a) Trade receivables, currents

In Th $

Tax ID	Related party	Nature	December 31, 2018
O-E	Infosys Limited	Provision of services	62.481
O-E	Infosys Mexico	Provision of services	261.342
Total			323.823

b) Trade payables, currents

In Th $

Tax ID	Related party	Nature	December 31, 2018
O-E	Infosys Limited	Debts payments	2.140
	Total		2.140

Note 5: Other non-financial assets

The composition of the item is as follows:

In Th $

Concept	December 31, 2018
Guarantee of rental Regus	8.483
Guarantee of rental Wework	3.185
Total	11.668

Note 6: Trade and other payables

The composition of the item is as follows:

In Th $

Concept	December 31, 2018
Professional services and fees accrual	38.731
Social security and taxes payables	11.087
Insurance expenses accrual	407
Rental expenses accrual	2.144
IT services accrual	2.860
Total	55.229

Note 7: Employee benefit liabilities

The composition of the item is as follows:

In Th $

Concept	December 31, 2018
Perfomance bonus accrual	19.887
CFG Variable pay accrual	19.729
Unavailed leave accrual	10.269
Total	49.884

Note 8: Equity

As of December 31, 2018 the paid capital of the Company is Th $ 604.310.

Note 9: Revenues

The composition of the item is as follows:

In Th $

Concept	December 31, 2018
Intercompany services to Infosys Limited	261.342
Intercompany services to Infosys México	62.481
Total	323.823

Note 10: Cost of sales

The cost of sales generated are detailed as follows:

In Th $

Concept	December 31, 2018
Salaries	228.730
Others	13.093
Total	241.823

Note 11: Administrative expenses

The administrative expenses generated are as follows:

In Th $

Concept	December 31, 2018
Legal and accountant professional services	105.368
Rental office and related expenses	53.021
Office maintenance	4.640
Insurances	128
Others	3.353
Total	166.510

Note 12: Events after the reporting period

Between the closing of the financial statements and the date of issuance of this report, no events that could significantly alter the Company's financial position have been observed nor recorded.

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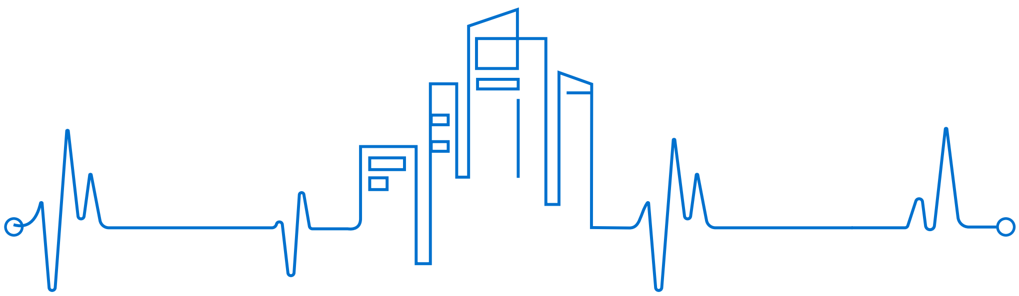

Infosys Arabia Limited

Independent Auditor's Report

To the Members of Infosys Arabia Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys Arabia Limited ('the Company'), which comprises the Balance sheet as at December 31, 2018, 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 notes to the financial statement including a summary of significant accounting policies and other explanatory information (herein after referred to as 'Ind AS financial statements').

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, 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.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's 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 issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the Code of Ethics.

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.

Responsibilities of Management's and those Charged with Governance for the Financial Statement

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

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.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objective 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

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 there under.

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

M. Rathnakar Kamath
Partner
Membership number: 202841

Bengaluru
January 9, 2019

Balance Sheet

In SAR

Particulars	Note no.	As at December 31, 2018	As at December 31, 2017
ASSETS			
Current assets			
Financial assets			
Cash and cash equivalents	2.1	1,678,751	–
Total current assets		1,678,751	–
Total Assets		1,678,751	–
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.2	1,678,751	–
Other equity		–	–
Total equity		1,678,751	–
Total equity and liabilities		1,678,751	–

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, 2019

for and on behalf of the Board of Directors of Infosys Arabia Ltd.

Balakrishna Doddaballapur
Authorized Signatory

Statement of Profit and Loss

In SAR

Particulars	Note no.	Years ended December 31, 2018	Years ended December 31, 2017
Other income, net		–	–
Total income		–	–
Expenses			
Total expenses		–	–
Profit/(loss) before tax		–	–
Tax expense			
Profit/(loss) for the year		–	–
Total other comprehensive income, net of tax		–	–
Total comprehensive income/(loss) for 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, 2019

for and on behalf of the Board of Directors of Infosys Arabia Ltd.

Balakrishna Doddaballapur
Authorized Signatory

Statement of Changes in Equity

In SAR

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, 2018	–	–	–
Changes in equity for the year ended December 31, 2018			
Equity share capital	1,678,751	–	1,678,751
Balance as of December 31, 2018	1,678,751	–	1,678,751

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, 2019

for and on behalf of the Board of Directors of Infosys Arabia Ltd.

Balakrishna Doddaballapur
Authorized Signatory

Statement of Cash Flows

In SAR

Particulars	Years ended December 31,	
	2018	2017
Cash flow from operating activities		
Profit/(loss) for the year	–	–
Adjustments to reconcile net profit to net cash provided by operating activities	–	–
Net cash generated by operating activities	–	–
Cash flow from investing activities		
Investment in associate	–	–
Net cash used in investing activities	–	–
Cash flow from financing activities		
Increase in equity share capital	1,678,751	–
Net cash generated by financing activities	1,678,751	–
Net increase in cash and cash equivalents	1,678,751	–
Cash and cash equivalents at the beginning of the year	–	–
Cash and cash equivalents at the end of the year	1,678,751	–

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, 2019

for and on behalf of the Board of Directors of Infosys Arabia Ltd.

Balakrishna Doddaballapur
Authorized Signatory

Company Overview and Significant Accounting Policies

Company overview

Infosys Arabia Limited is a 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 Law of Kingdon of Saudi Arabia, as the same exists or as may hereafter be amended from time to time, incorporated on August 12, 2016.

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. 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.

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 Saudi Riyal.

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 Saudi Riyal. These financial statements are presented in Saudi Riyal.

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.

2.1 Cash and cash equivalents

In SAR

Particulars	As at December 31,	
	2018	2017
Balances with banks		
In current and deposit accounts	1,678,751	–
	1,678,751	–

The deposits maintained by the Company with banks and financial institution comprise of time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

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

In SAR

Particulars	As at December 31,	
	2018	2017
In current accounts		
The Saudi British Bank-SABB	1,678,751	–
	1,678,751	–
Total cash and cash equivalents	1,678,751	–

2.2 Equity

Equity share capital

In SAR

Particulars	As at December 31,	
	2018	2017
Authorized share capital (SAR 16,787.51 par value, 100 equity shares)	1,678,751	–
Issued, subscribed and paid-up (SAR 16,787.51 par value, 100 equity shares)	1,678,751	–

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

Name of the shareholder	As at December 31,	
	2018	2017
Infosys Limited	70%	0%
Saudi Prerogative Company	30%	0%

2.3 Financial instruments

Financial instruments by category

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

In SAR

Particulars	Amortised 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 2.1)	1,678,751	–	–	–	–	1,678,751	1,678,751
Total	1,678,751	–	–	–	–	1,678,751	1,678,751

2.4 Related party transactions

List of related parties

Name of the holding company	Country
Infosys Limited	India

List of fellow subsidiaries

Name of the subsidiary companies	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)	U.S.
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH(1) (formerly Lodestone Management Consultants GmbH)	Austria
Skava Systems Private Limited (Skava Systems)	India
Kallidus Inc. (Kallidus)	U.S.
Infosys Chile SpA(2)	Chile
Infosys Consulting Ltda.(3)	Brazil
Infosys CIS LLC(1)(22)	Russia
Infosys Luxembourg S.a.r.l (1)(17)	Luxembourg
Infosys Americas Inc., (Infosys Americas)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)(4)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.
Infosys Canada Public Services Inc(23)	Canada
Infosys Canada Public Services Ltd(24)	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o.(5)	Czech Republic
Infosys Poland, Sp z.o.o(5)	Poland
Infosys McCamish Systems LLC (5)	U.S.
Portland Group Pty Ltd(5)	Australia
Infosys BPO Americas LLC.(5)	U.S.
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc.(6)(15)	U.S.
Infosys Management Consulting Pty Limited(6)	Australia
Infosys Consulting AG(6)	Switzerland
Infosys Consulting GmbH(6)	Germany
Infosys Consulting SAS(6)	France

Name of the subsidiary companies	Country
Infosys Consulting s.r.o.[6]	Czech Republic
Lodestone Management Consultants Co., Ltd.[6]	China
Infy Consulting Company Ltd[6]	U.K.
Infy Consulting B.V.[6]	The Netherlands
Infosys Consulting Sp. z.o.o[6]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [6]	Portugal
S.C. Infosys Consulting S.R.L.[6]	Romania
Infosys Consulting S.R.L.[6]	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)[7]	Belgium
Panaya Inc. (Panaya)	U.S.
Panaya Ltd.[8]	Israel
Panaya GmbH[8]	Germany
Panaya Japan Co. Ltd[4][8]	Japan
Noah Consulting LLC (Noah)[9]	U.S.
Noah Information Management Consulting Inc. (Noah Canada)[10]	Canada
Brilliant Basics Holdings Limited (Brilliant Basics)[11]	U.K.
Brilliant Basics Limited[12]	U.K.
Brilliant Basics (MENA) DMCC[12]	Dubai
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[13]	Dubai
Fluido Oy[13][18]	Finland
Fluido Sweden AB (Extero)[19]	Sweden
Fluido Norway A/S[19]	Norway
Fluido Denmark A/S[19]	Denmark
Fluido Slovakia s.r.o[19]	Slovakia
Fluido Newco AB[19]	Sweden
Infosys Compaz PTE. Ltd (formerly Trusted Source Pte. Ltd) [13][20]	Singapore
Infosys South Africa (Pty) Ltd[13][21]	South Africa
WongDoody Holding Company Inc. (WongDoody) [14]	U.S.
WDW Communications, Inc[16]	U.S.
WongDoody, Inc[16]	U.S.

(1) Wholly-owned subsidiary of Infosys Limited
(2) Incorporated effective November 20, 2017
(3) Majority-owned and controlled subsidiary of Infosys Limited
(4) Under liquidation
(5) Wholly-owned subsidiary of Infosys BPM
(6) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(8) Wholly-owned subsidiary of Panaya Inc.
(9) Liquidated effective November 9, 2017
(10) Wholly-owned subsidiary of Noah. Liquidated effective December 20, 2017
(11) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holding Limited
(12) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(13) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(14) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
(15) Liquidated effective May 17, 2018
(16) Wholly-owned subsidiary of WongDoody
(17) Incorporated effective August 6, 2018
(18) On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
(19) Wholly-owned subsidiary of Fluido Oy
(20) On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
(21) Incorporated effective December 19,2018
(22) Incorporated effective November 29, 2018
(23) Incorporated effective November 27, 2018, wholly-owned subsidiary Infosys Public Services Inc
(24) Liquidated effective May 9, 2017, wholly-owned subsidiary Infosys Public Services Inc

Associate

DWA Nova LLC has been liquidated w.e.f November 17, 2017.

Infosys Consulting Ltda..

Independent Auditor's Report

To the Members of Infosys Consulting Ltda..

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys Consulting Ltda.. ('the Company'), which comprises the Balance sheet as at December 31, 2018, 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 notes to the financial statement including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'Ind AS financial statements').

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, 2018 and its financial performance including other comprehensive income, its cash flows, and the changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's 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 issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the Code of Ethics.

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.

Responsibilities of Management's and those Charged with Governance for the Financial Statement

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

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.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objective 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

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,

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, 2019

Balance Sheet

In BRL

Particulars	Note no.	As at December 31	
		2018	2017
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	82,268	267,815
Income tax assets (net)	2.14	16,130,850	13,498,026
Total non-current assets		16,213,118	13,765,841
Current assets			
Financial assets			
Trade receivables	2.4	15,527,492	14,531,458
Cash and cash equivalents	2.5	11,727,897	1,349,701
Loans	2.2	116,399	304,832
Other financial assets	2.3	5,795,939	9,080,156
Other current assets	2.6	4,925,843	3,534,309
Total current assets		38,093,570	28,800,456
Total assets		54,306,688	42,566,297
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.8	82,656,615	82,656,615
Other equity		(140,577,004)	(112,402,684)
Total equity		(57,920,389)	(29,746,069)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	2.9	51,369,905	34,472,664
Total non-current liabilities		51,369,905	34,472,664
Current liabilities			
Financial liabilities			
Trade payables	2.10	13,904,015	8,684,547
Borrowings	2.9	27,022,192	–
Other financial liabilities	2.11	14,027,920	19,714,341
Other current liabilities	2.12	4,476,360	7,779,886
Provisions	2.13	438,573	276,510
Income tax liabilities (net)	2.14	988,112	1,384,418
Total current liabilities		60,857,172	37,839,702
Total equity and liabilities		54,306,688	42,566,297

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

As per our report of even date attached.

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

for and on behalf of Board of Directors of Infosys Consulting Ltda...

M. Rathnakar Kamath
Partner
Membership number: 202841

Claudio Henrique Elsas
Director

Bengaluru
January 09, 2019

Statement of Profit and Loss

In BRL, except equity share and per equity share data

Particulars	Note No.	Years ended December 31,	
		2018	2017
Revenue from operations	2.15	54,587,109	65,613,163
Other income, net	2.16	128,804	–
Total income		54,715,913	65,613,163
Expenses			
Employee benefit expenses	2.17	49,293,053	70,147,379
Cost of technical sub-contractors		9,929,267	11,371,033
Travel expenses		9,098,961	9,279,536
Communication expenses		524,481	794,159
Consultancy and professional charges		3,623,176	3,999,205
Depreciation expenses	2.1	217,605	335,491
Finance cost		1,863,212	1,327,271
Other expenses	2.17	8,736,784	3,055,416
Total expenses		83,286,539	100,309,490
Loss before tax		(28,570,626)	(34,696,327)
Tax expense			
Current tax	2.14	(396,306)	301,229
Loss for the year		(28,174,320)	(34,997,556)
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		–	–
Total other comprehensive income, net of tax		–	–
Total comprehensive income for the year		(28,174,320)	(34,997,556)
Earnings per equity share			
Equity shares of par value BRL 1/- each			
Basic and Diluted (BRL)		(0.34)	(0.42)
Weighted average equity shares used in computing earnings per equity share			
Basic and Diluted		82,656,615	82,656,615

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

As per our report of even date attached

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

for and on behalf of Board of Directors of Infosys Consulting Ltda...

M. Rathnakar Kamath
Partner
Membership number: 202841

Claudio Henrique Elsas
Director

Bengaluru
January 09, 2019

Statement of Changes in Equity

In BRL

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, 2017	82,656,615	(77,405,128)	–	5,251,487
Changes in equity for the year ended December 31, 2017				
Exchange differences on translation	–	–	–	–
Loss for the year	–	(34,997,556)	–	(34,997,556)
Balance as of December 31, 2017	82,656,615	(112,402,684)	–	(29,746,069)
Changes in equity for the year ended December 31, 2018				
Exchange differences on translation	–	–	–	–
Loss for the year	–	(28,174,320)	–	(28,174,320)
Balance as of December 31, 2018	82,656,615	(140,577,004)	–	(57,920,389)

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 09, 2019

for and on behalf of Board of Directors of Infosys Consulting Ltda...

Claudio Henrique Elsas
Director

Statement of Cash Flows

In BRL

Particulars	Years ended December 31,	
	2018	2017
Cash flows from operating activities		
Loss for the year	(28,174,320)	(34,997,556)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation expense	217,605	335,491
Income tax expense	(396,306)	301,229
Impairment loss recognized/ (reversed) under expected credit loss model	4,698	(53,682)
Finance cost	1,863,212	1,327,271
Other adjustments	162,482	(34,370)
Changes in assets and liabilities		
Trade receivables	(1,001,133)	(3,152,385)
Other financial assets and other assets	1,892,683	19,828,165
Trade payables	5,219,468	5,962,465
Other financial liabilities and other liabilities and provisions	(8,989,965)	2,518,377
Cash generated from operations	(29,201,576)	(7,964,995)
Income taxes paid	(2,632,824)	(13,134,573)
Net cash used in operating activities	(31,834,400)	(21,099,568)
Cash flow from investing activities		
Expenditure on property, plant and equipment	(32,058)	(21,840)
Loans to employees	188,433	34,305
Net cash flow from/ used in investing activities	156,375	12,465
Cash flow from/used in financing activities		
Loan received	43,919,433	20,077,571
Finance Cost	(1,863,212)	(1,327,271)
Net cash flow from financing activities	42,056,221	18,750,300
Net (decrease)/increase in cash and cash equivalents	10,378,196	(2,336,803)
Cash and cash equivalents at the beginning of the year	1,349,701	3,686,504
Cash and cash equivalents at the end of the year	11,727,897	1,349,701

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

As per our report of even date attached.

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

for and on behalf of Board of Directors of Infosys Consulting Ltda..

M. Rathnakar Kamath
Partner
Membership number: 202841

Claudio Henrique Elsas
Director

Bengaluru
January 09, 2019

Significant Accounting Policies

Company overview

Infosys Consulting Ltda.. is a wholly-owned subsidiary of Infosys Limited w.e.f. August 14, 2018. 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.

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 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 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 others

The Company provides its clients with a fixed-period post sales support for corrections of errors and support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in 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
Plant and machinery (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.

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 amortised 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.

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 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.

1.21 Recent accounting pronouncements

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.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach).

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

The Company will adopt the standard on January 1, 2019 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended December 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

The Company has adopted Appendix B to Ind AS 21 - Foreign Currency Transactions and Advance Consideration which clarifies the date of 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. The effect on account of adoption of this amendment was insignificant.

2.1 Property, plant and equipment

The changes in the carrying value of property, plant and equipment are as follows:

In BRL

Particulars	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2018	6,103	11,844	1,617,075	227,539	1,862,561
Additions/ Adjustments	–	–	33,490	–	33,490
Deletions	–	(5,028)	(1,827)	(10,958)	(17,813)
Translation difference	–	–	–	–	–
Gross carrying value as of December 31, 2018	6,103	6,816	1,648,738	216,581	1,878,238
Accumulated depreciation as of January 1, 2018	6,103	9,024	1,376,789	202,830	1,594,746
Depreciation	–	856	192,110	24,639	217,605
Accumulated depreciation on deletions	–	(3,666)	(1,827)	(10,888)	(16,381)
Translation difference	–	–	–	–	–
Accumulated depreciation as of December 31, 2018	6,103	6,214	1,567,072	216,581	1,795,970
Carrying value as of December 31, 2018	–	602	81,666	–	82,268
Carrying value as of January 1, 2018	–	2,820	240,286	24,709	267,815

The changes in the carrying value of property, plant and equipmen 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	6,103	11,844	1,595,235	227,539	1,840,721
Additions/ Adjustments	–	–	21,840	–	21,840
Translation difference	–	–	–	–	–
Gross carrying value as of December 31, 2017	6,103	11,844	1,617,075	227,539	1,862,561
Accumulated depreciation as of January 1, 2017	6,103	7,478	1,074,923	170,751	1,259,255
Depreciation	–	1,546	301,866	32,079	335,491
Translation difference	–	–	–	–	–
Accumulated depreciation as of December 31, 2017	6,103	9,024	1,376,789	202,830	1,594,746
Carrying value as of December 31, 2017	–	2,820	240,286	24,709	267,815
Carrying value as of January 1, 2017	–	4,366	520,312	56,788	581,466

2.2 Loans

In BRL

Particulars	As at December 31,	
	2018	2017
Current		
Unsecured, considered good		
Loans to employees	116,399	304,832
Total current loans	116,399	304,832

2.3 Other financial assets

In BRL

Particulars	As at December 31,	
	2018	2017
Current		
Unbilled Revenues	3,283,294	8,294,117
Others[1]	2,512,645	786,039
Total current other financial assets	5,795,939	9,080,156
Financial rssets carried at amortized cost	5,795,939	9,080,156
[1] Includes dues from related parties (Refer to Note .2.19)	2,512,645	786,039

2.4 Trade receivables

In BRL

Particulars	As at December 31,	
	2018	2017
Current		
Unsecured		
Considered good[1]	15,527,492	14,531,458
Considered doubtful	50,576	39,052
	15,578,068	14,570,510
Less: Allowances for credit losses	(50,576)	(39,052)
Total trade receivables	15,527,492	14,531,458
[1] Includes dues from related parties (Refer to Note 2.19)	10,892,525	3,687,232

2.5 Cash and cash equivalents

In BRL

Particulars	As at December 31,	
	2018	2017
Balances with banks		
In current accounts	11,727,897	1,349,701
Total cash and cash equivalents	11,727,897	1,349,701

2.6 Other assets

In BRL

Particulars	As at December 31,	
	2018	2017
Current		
Others		
Prepaid expenses	438	1,314
Withholding taxes and others	4,925,405	3,532,995
Total current other assets	4,925,843	3,534,309

2.7 Financial instruments

Financial instruments by category

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

In BRL

Particulars	As at December 31,	
	2018	2017
Assets		
Cash and cash equivalents (Refer to Note .2.5)	11,727,897	1,349,701
Trade receivables (Refer to Note .2.4)	15,527,492	14,531,458
Loans (Refer to Note .2.2)	116,399	304,832
Other financial assets (Refer to Note .2.3)	5,795,939	9,080,156
Total	33,167,727	25,266,147
Liabilities		
Trade payables (Refer to Note .2.10)	13,904,015	8,684,547
Borrowings (Refer to Note .2.9)	78,392,097	34,472,664
Other financial liabilities (Refer to Note .2.11)	13,458,693	15,522,099
Total	105,754,805	58,679,310

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'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 other countries and purchases from overseas suppliers in various foreign currencies.

The foreign currency risk from monetary assets and liabilities as at December 31, 2018:

In BRL

Particulars	US Dollars	Euro	UK Pound Sterling	Swiss Fracs	Other currencies	Total
Cash and cash equivalents	–	–	–	–	–	–
Trade receivables	854,353	–	271,593	–	–	1,125,946
Other financial assets , loans and other current assets	(288,898)	–	–	(3,161,235)	–	(3,450,133)
Trade payables	(30,498)	(617,255)	(4,455)	(4,404,731)	(118,656)	(5,175,595)
Other financial liabilities	(103,268)	(91,580)	–	(20,483)	(424,118)	(639,449)
Net assets/ (liabilities)	431,689	(708,835)	267,138	(7,586,449)	(542,774)	(8,139,231)

The foreign currency risk from monetary assets and liabilities as at December 31, 2017:

In BRL

Particulars	US Dollars	Euro	UK Pound Sterling	Swiss Fracs	Other currencies	Total
Cash and cash equivalents	–	–	–	–	–	–
Trade receivables	1,962,242	–	10,963	–	–	1,973,205
Other financial assets , loans and other current assets	(71,976)	108,942	–	(10,425,200)	–	(10,388,234)
Trade payables	–	(3,034,497)	(9,825)	(2,632,739)	–	(5,677,061)
Other financial liabilities	7,384	(31,406)	–	(1,989,966)	(177,669)	(2,191,657)
Net assets/ (liabilities)	1,897,650	(2,956,961)	1,138	(15,047,905)	(177,669)	(16,283,748)

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 15,527,492 and BRL 14,531,458 as of December 31, 2018 and December 31, 2017, respectively and unbilled revenue amounting to BRL 3,283,294 and BRL 8,294,117 as of December 31, 2018 and December 31, 2017, 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 international credit rating agencies and the Company's historical experience for customers.

Credit risk exposure

Provision of BRL 4,698 for ECL on customer balances was done for the year ended December 31, 2018 and reversal of BRL 53,682 was done for the year ended December 31, 2017.

In BRL

Particulars	Years ended December 31,	
	2018	2017
Balance at the beginning	56,118	109,456
Impairment loss recognized/ reversed	4,698	(53,682)
Amounts written off	–	–
Translation differences	401	344
Balance at the end	61,217	56,118

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

Liquidity risk

The Company's principal source of liquidity are cash and cash equivalents.The Company has taken loan from its fellow subsidiaries to meet its working capital requirement.

As of December 31, 2018 and December 31,2017, the Company had cash and cash equivalents of BRL 11,727,897 and BRL 1,349,701, respectively.

As of December 31, 2018 and December 31, 2017, the outstanding compensated absences were BRL 569,227 and BRL 4,192,242, respectively.

2.8 Equity

Equity share capital

in BRL, except as otherwise stated

Particulars	As at December 31, 2018	As at December 31, 2017
Authorized		
82,656,615 (82,656,615) equity shares of BRL1/- par value	82,656,615	82,656,615
Issued, Subscribed and Paid-Up		
82,656,615 (82,656,615) equity shares of BRL1/- par value	82,656,615	82,656,615
(Of the above, 82,656,605 equity shares are held by the holding company, Infosys Limited as at December 31, 2018)		
	82,656,615	82,656,615

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

in BRL, except as otherwise stated

Name of the shareholder	As at December 31, 2018,		As at December 31, 2017	
	Number of shares	% held	Number of shares	% held
Infosys Limited	8,26,56,605	99.99		
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	–	–	8,26,56,605	99.99

The company was acquired by Infosys Limted on August 14, 2018.

There is no change in the number of shares during the current reporting period.

2.9 Borrowings

In BRL

Particulars	As at December 31, 2018	As at December 31, 2017
Non-current		
Unsecured loan from fellow subsidiaries (Refer to Note 2.19)[1]	51,369,905	34,472,664
Current		
Unsecured loan from fellow subsidiaries (Refer to Note 2.19)[1]	27,022,192	–
Total borrowings	78,392,097	34,472,664

[1] The loans were given in accordance with the terms and conditions of the loan agreement and the details for these have been given in Note no. 2.19.

2.10 Trade payables

In BRL

Particulars	As at December 31, 2018	As at December 31, 2017
Trade payables [1]	13,904,015	8,684,547
Total trade payables	13,904,015	8,684,547
[1] Includes dues to related parties (Refer to Note .2.19)	13,443,714	8,302,674

2.11 Other financial liabilities

In BRL

Particulars	As at December 31, 2018	As at December 31, 2017
Current		
Others		
Accrued compensation to employees	1,408,410	1,010,304
Accrued expenses [1]	6,745,577	2,173,579
Compensated absences	569,227	4,192,242
Other payables [2]	5,304,706	12,338,216
Total current other financial liabilities	14,027,920	19,714,341
Financial liability carried at amortized cost	13,458,693	15,522,099
[1] Includes dues to related parties (Refer to Note 2.19)	339,170	102,296
[2] Includes dues to related parties (Refer to Note 2.19)	5,283,570	12,321,900

2.12 Other liabilities

In BRL

Particulars	As at December 31, 2018	As at December 31, 2017
Current		
Unearned revenue	934,546	3,824,590
Others		
Client deposits	71,442	294,726
Withholding taxes and others	3,470,372	3,660,570
Total current other liabilities	4,476,360	7,779,886

2.13 Provisions

In BRL

Particulars	As at December 31,	
	2018	2017
Current		
Others		
Post-sales client support	438,573	276,510
Total current provisions	438,573	276,510

2.14 Income taxes

Income tax expense in the Statement of Profit and Loss comprises

In BRL

Particulars	Years ended December 31,	
	2018	2017
Current taxes	(396,306)	301,229
Income tax expense	(396,306)	301,229

Current tax expense for the years ended December 31, 2018 and December 31, 2017 includes reversals (net of provisions) amounting to BRL 396,306 and provisions (net of reversals) amounting to BRL 6,623,311, 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 BRL

Particulars	Years ended December 31,	
	2018	2017
Profit/(loss) before income tax	(28,570,626)	(34,696,327)
Enacted tax rates in Brazil (%)	34.00%	34.00%
Computed expected tax expense	(9,714,013)	(11,796,751)
Overseas taxes	–	301,229
Tax reversals, overseas and domestic	(396,306)	–
Effect of unrecognized deferred tax assets	9,714,014	11,796,751
Income tax expense	(396,305)	301,229

The applicable Brazil statutory tax rate for year ended December 31, 2018 and December 31,2017 is 34%.

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

In BRL

Particulars	Years ended December 31,	
	2018	2017
Income tax assets	16,130,850	13,498,026
Current income tax liabilities	(988,112)	(1,384,418)
Net current income tax assets/ (liability) at the end	15,142,738	12,113,608

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

In BRL

Particulars	Years ended December 31,	
	2018	2017
Net current income tax asset/ (liability) at the beginning	12,113,608	(719,736)
Income tax paid	2,632,824	13,134,573
Current income tax expense	396,306	(301,229)
Net current income tax asset/ (liability) at the end	15,142,738	12,113,608

2.15 Revenue from operations

In BRL

Particulars	Years ended December 31,	
	2018	2017
Income from consultancy services	54,587,109	65,613,163
Total revenue from operations	54,587,109	65,613,163

2.16 Other income

In BRL

Particulars	Years ended December 31,	
	2018	2017
Miscellaneous income, net	128,804	–
Total other income	128,804	–

2.17 Expenses

In BRL

Particulars	Years ended December 31,	
	2018	2017
Employee benefit expenses		
Salaries including bonus	49,284,006	70,107,615
Staff welfare	9,047	39,764
Total employee benefit expenses	49,293,053	70,147,379

In BRL

Particulars	Years ended December 31,	
	2018	2017
Other expenses		
Power and fuel	861	511
Brand and marketing	131,299	99,780
Operating lease payments	631,118	1,090,716
Rates and taxes	4,196,280	541,341
Repairs and maintenance	401,663	758,296
Insurance	25,776	35,753
Provision/ (reversals) for post-sales client support	162,081	(34,715)
Allowances/ (reversals) for credit losses on financial assets	4,698	(53,682)
Exchange (gains)/ losses on translation of other assets and liabilities	3,025,312	312,444
Others	157,696	304,972
Total other expenses	8,736,784	3,055,416

2.18 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period are as follows:

In BRL

Particulars	As at December 31,	
	2018	2017
Lease rentals recognized during the period	631,118	1,090,716

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

In BRL

Particulars	As at December 31,	
	2018	2017
Future minimum lease payable		
Not later than 1 year	1,220,348	1,220,348
Later than 1 year and not later than 5 years	532,207	1,769,505

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

2.19 Related party transactions

List of related parties

Name of the holding companies	Country	Holding as at December 31,	
		2018	2017
Infosys Limited (w.e.f August 14, 2018)	India	99.99%	–
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland	–	99.99%

List of the ultimate holding company

Name of the ultimate holding company	Country
Infosys Limited	India

List of fellow subsidiary companies

Name of the subsidiary companies	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)	U.S.
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH (formerly Lodestone Management Consultants GmbH)[(1)]	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	U.S.
Infosys Chile SpA[(2)]	Chile
Infosys Arabia Limited[(3)]	Saudi Arabia
Infosys CIS LLC[(1)(22)]	Russia
Infosys Luxembourg S.a.r.l [(1)(17)]	Luxembourg
Infosys Americas Inc., (Infosys Americas)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)[(4)]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.
Infosys Canada Public Services Inc[(23)]	Canada
Infosys Canada Public Services Ltd[(24)]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited 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)]	U.S.
Portland Group Pty Ltd[(5)]	Australia
Infosys BPO Americas LLC.[(5)]	U.S.

Name of the subsidiary companies	Country
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc.(6)(15)	U.S.
Infosys Management Consulting Pty Limited(6)	Australia
Infosys Consulting AG(6)	Switzerland
Infosys Consulting GmbH(6)	Germany
Infosys Consulting SAS(6)	France
Infosys Consulting s.r.o. (6)	Czech Republic
Lodestone Management Consultants Co., Ltd.(6)	China
Infy Consulting Company Ltd (6)	U.K.
Infy Consulting B.V. (6)	The Netherlands
Infosys Consulting Sp. z.o.o (6)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (6)	Portugal
S.C. Infosys Consulting S.R.L. (6)	Romania
Infosys Consulting S.R.L. (6)	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)(7)	Belgium
Panaya Inc. (Panaya)	U.S.
Panaya Ltd.(8)	Israel
Panaya GmbH(8)	Germany
Panaya Japan Co. Ltd(4)(8)	Japan
Noah Consulting LLC (Noah)(9)	U.S.
Noah Information Management Consulting Inc. (Noah Canada)(10)	Canada
Brilliant Basics Holdings Limited (Brilliant Basics)(11)	U.K.
Brilliant Basics Limited(12)	U.K.
Brilliant Basics (MENA) DMCC(12)	Dubai
Infosys Consulting Pte Limited (Infosys Singapore)(1)	Singapore
Infosys Middle East FZ LLC(13)	Dubai
Fluido Oy(13)(18)	Finland
Fluido Sweden AB (Extero)(19)	Sweden
Fluido Norway A/S(19)	Norway
Fluido Denmark A/S(19)	Denmark
Fluido Slovakia s.r.o(19)	Slovakia
Fluido Newco AB(19)	Sweden
Infosys Compaz PTE. Ltd (formerly Trusted Source Pte. Ltd) (13)(20)	Singapore
Infosys South Africa (Pty) Ltd(13)(21)	South Africa
WongDoody Holding Company Inc. (WongDoody) (14)	U.S.
WDW Communications, Inc(16)	U.S.
WongDoody, Inc(16)	U.S.

(1) Wholly-owned subsidiary of Infosys Limited
(2) Incorporated effective November 20, 2017
(3) Majority-owned and controlled subsidiary of Infosys Limited
(4) Under liquidation
(5) Wholly-owned subsidiary of Infosys BPM
(6) Wholly-owned subsidiaries of Infosys Consulting Holding AG
(7) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG
(8) Wholly-owned subsidiary of Panaya Inc.
(9) Liquidated effective November 9, 2017
(10) Wholly-owned subsidiary of Noah. Liquidated effective December 20, 2017
(11) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holding Limited
(12) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(13) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(14) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
(15) Liquidated effective May 17, 2018
(16) Wholly-owned subsidiary of WongDoody
(17) Incorporated effective August 6, 2018
(18) On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
(19) Wholly-owned subsidiary of Fluido Oy
(20) On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
(21) Incorporated effective December 19,2018
(22) Incorporated effective November 29, 2018

[23] Incorporated effective November 27, 2018, wholly-owned subsidiary Infosys Public Services Inc

[24] Liquidated effective May 9, 2017, wholly owned subsidiary Infosys Public Services Inc

Associates

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 BRL

Particulars	As at December 31,	
	2018	2017
Trade receivables		
Infosys Technologia DO Brasil LTDA	9,535,337	2,448,810
Infosys Consulting S.R.L.	150	150
Infosys Consulting AG	1,085,445	1,227,309
Infy Consulting Company Ltd.	271,593	10,963
	10,892,525	3,687,232
Prepaid and other financial assets		
Infosys Technologia DO Brasil LTDA	2,512,645	786,039
	2,512,645	786,039
Borrowings		
Infosys Consulting Holding AG [1]	45,873,491	29,505,889
Infosys Consulting AG [1]	5,496,414	4,966,775
Infosys Technologia DO Brasil LTDA[2]	27,022,192	–
	78,392,097	34,472,664
Trade payables		
Infosys Technologia DO Brasil LTDA	8,298,617	3,090,953
Infy Consulting Company Limited	4,455	9,542
Infosys Consulting S.R.L.	118,656	–
Infosys Consulting AG	4,404,731	2,494,946
Infosys Consulting GmbH	617,255	2,707,233
	13,443,714	8,302,674
Other Financial Liabilities		
Infosys Technologia DO Brasil LTDA	732,628	207,610
Infy Consulting B.V.	34,696	–
Infosys Consulting AG	4,311,054	12,046,867
Infosys Consulting Holding AG	16,975	–
Infosys Limited	188,217	67,423
	5,283,570	12,321,900
Accrued expenses		
Infosys Limited	339,170	102,296
	339,170	102,296

[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] The loan was given in accordance with the terms and conditions of the loan agreement and carries an interest rate of 6% per annum, and is repayable at the discretion of the lender.

In BRL

Particulars	Years ended December 31,	
	2018	2017
Capital transactions		
Financing transactions		
Borrowings net of repayment[1]		
Infosys Consulting Holding AG	16,367,602	19,864,427
Infosys Consulting AG	529,639	213,144
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	27,022,192	–
	43,919,433	20,077,571
Revenue transactions		
Purchase of shared services, facilities and personnel		
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	8,994,581	5,892,160
Infy Consulting B.V.	34,649	–
Infosys Consulting S.R.L.	180,909	10,726
Infy Consulting Company Ltd.	4,455	7,145
Infosys Consulting Holding AG	16,968	–
Infosys Consulting AG	1,378,327	1,165,824
Infosys Consulting GmbH	1,411,087	1,407,265
	12,020,976	8,483,120
Sale of services		
Infy Consulting Company Ltd.	595,880	501,699
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	22,951,978	12,830,535
Infosys Consulting AG	265,014	606,399
	23,812,872	13,938,633

[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 Luxembourg S.à.r.l.

Independent Auditor's Report

To the Members of Infosys Luxembourg S.a.r.l.

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys Luxembourg S.a.r.l. ('the Company'), which comprises the Balance sheet as at 31st March 2019, 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 notes to the financial statement including a summary of significant accounting policies and other explanatory information (herein after referred to as ' Ind AS financial statements')

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 March 2019 and its financial performance including other comprehensive income and its Cash Flows and the Changes in Equity for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's 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 issued by the Institute of Chartered Accountants of India together with the Ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the Code of Ethics.

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.

Responsibilities of Management's and those Charged with Governance for the financial Statement

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

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.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objective 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

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 there under.

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

M. Rathnakar Kamath
Partner
Membershipn: 202841

Bengaluru
May 10, 2019

Balance Sheet

In EUR

Particulars	Note no.	As at March 31
		2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	2.1	496,398
Income tax assets (net)	2.4	3,602
Total current assets		500,000
Total assets		500,000
EQUITY AND LIABILITIES		
EQUITY		
Equity share capital	2.3	370,000
Other equity		120,500
Total equity		490,500
LIABILITIES		
Current liabilities		
Financial liabilities		
Other financial liabilities		9,500
Total current liabilities		9,500
Total equity and liabilities		500,000

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
May 10, 2019

for and on behalf of the Board of Directors of Infosys Luxembourg S.a.r.l.

Director

Director

Statement of Profit and Loss

In EUR, except equity share and per equity share data

Particulars	Note no.	For the period August 6, 2018 to March 31, 2019
		2019
Revenue from operations		–
Total income		–
Expenses		
Other expenses	2.5	9,500
Total expenses		9,500
Proft/(Loss) before tax		(9,500)
Tax expense:		
Current tax		–
Loss for the year		(9,500)
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 period		(9,500)
Earnings per equity share		
Equity shares of par value EUR 100/- each		
Basic (EUR)		(2.57)
Diluted (EUR)		(2.57)
Weighted average equity shares used in computing earnings per equity share		
Basic		3,700
Diluted		3,700

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
May 10, 2019

for and on behalf of the Board of Directors of Infosys Luxembourg S.a.r.l.

Director

Director

Statement of Changes in Equity

In EUR

Particulars	Equity share capital	Other equity: Reserves and Surplus	Other equity: Share application money pending allotment	Total equity attributable to equity holders of the Company
Changes in equity for the period August 6, 2018 to March 31, 2019				
Proceeds from issuance of shares	370,000	–	–	370,000
Proceeds from share application money	–	–	130,000	130,000
Loss for the period	–	(9,500)	–	(9,500)
Balance as of March 31, 2019	370,000	(9,500)	130,000	490,500

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
May 10, 2019

for and on behalf of the Board of Directors of Infosys Luxembourg S.a.r.l.

Director

Director

Statement of Cash Flows

In EUR

Particulars	For the period August 6, 2018 to March 31, 2019
	2019
Cash flow from operating activities	
Loss for the period	(9,500)
Adjustments to reconcile net profit to net cash provided by operating activities	
Income tax expense	–
Changes in assets and liabilities	
Other liabilities	9,500
Cash used in operations	–
Income taxes paid	3,602
Net cash used in operating activities	(3,602)
Proceeds from issuance of shares	370,000
Proceeds from share application money received	130,000
Net cash used in financing activities	500,000
Net decrease in cash and cash equivalents	496,398
Cash and cash equivalents at the beginning of the period	–
Cash and cash equivalents at the end of the period	496,398

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
May 10, 2019

for and on behalf of the Board of Directors of Infosys Luxembourg S.a.r.l.

Director *Director*

Significant Accounting Policies

Company overview

Infosys Luxembourg s.a.r.l. is a wholly owned subsidiary of Infosys Limited incorporated on August 6, 2018.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from April 1 to March 31. For the current year, the financials statements prepared from incorporation date (August 6, 2018) to March 31, 2019.

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.

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 Euros.

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 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 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 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.

1.8 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.

1.9 Earnings per share

Basic earnings per share is computed by dividing the net profit/ (loss) after tax by the weighted average number of equity shares outstanding during the period.

2.1 Cash and cash equivalents

In EUR

Particulars	As at March 31 2019
Balances with banks	
In current accounts	496,398
	496,398

2.2 Financial instruments

Financial instruments by category

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

In EUR

Particulars	As at March 31, 2019
Assets:	
Cash and cash equivalents (Refer to Note 2.1)	496,398
Total	496,398
Liabilities:	
Other financial liabilities	9,500
Total	9,500

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 borrowings.

The Company had a working capital of EUR 500,000 as of March 31, 2019 , which includes cash and cash equivalents of Euros 496,398 as of March 31, 2019.

2.3 Equity

Equity share capital

Particulars	As at March 31, 2019
Authorized	
Equity shares	
5000 equity shares of EUR 100 par value	500,000
Issued, Subscribed and Paid-Up	
Equity shares	370,000
3700 equity shares of EUR 100 par value	
	370,000

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

Name of the shareholder	As at March 31, 2019	
	Number of shares	% held
Infosys Limited	3,700	100

2.4 Income taxes

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

In EUR

Particulars	As at March 31, 2019
Income tax assets	3,602
Current income tax liabilities	–
Net current income tax assets/ (liability) at the end	3,602

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

In EUR

Particulars	For the period August 6, 2018 to March 31, 2019
Net current income tax asset/ (liability) at the beginning	–
Income tax paid	3,602
Net current income tax asset/ (liability) at the end	3,602

2.5 Other expenses

In EUR

Particulars	For the period August 6, 2018 to March 31, 2019
Audit fees	9,500
Total other expenses	9,500

2.6 Related party transactions

List of related parties

Name of holding company	Country	Holding as at March 31
		2019
Infosys Ltd	India	100%

List of fellow subsidaries

Name of subsidiary companies	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)	U.S.
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH(1) (formerly Lodestone Management Consultants GmbH)	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	U.S.
Infosys Chile SpA(2)	Chile
Infosys Arabia Limited(3)	Saudi Arabia
Infosys Consulting Ltda.(3)	Brazil
Infosys CIS LLC(1)(21)	Russia
Infosys Americas Inc., (Infosys Americas)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)(4)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.
Infosys Canada Public Services Inc(22)	Canada
Infosys Canada Public Services Ltd(23)	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o.(5)	Czech Republic
Infosys Poland, Sp z.o.o(5)	Poland
Infosys McCamish Systems LLC (5)	U.S.
Portland Group Pty Ltd(5)	Australia
Infosys BPO Americas LLC.(5)	U.S.
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc.(6)(15)	U.S.
Infosys Management Consulting Pty Limited(6)	Australia
Infosys Consulting AG(6)	Switzerland
Infosys Consulting GmbH(6)	Germany
Infosys Consulting SAS(6)	France
Infosys Consulting s.r.o.(6)	Czech Republic
Infosys Consulting (Shanghai) Co. Ltd. (formerly Lodestone Management Consultants Co., Ltd.)(6)	China
Infy Consulting Company Ltd(6)	U.K.
Infy Consulting B.V.(6)	The Netherlands
Infosys Consulting Sp. z.o.o(6)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (6)	Portugal
S.C. Infosys Consulting S.R.L.(1)	Romania
Infosys Consulting S.R.L.(6)	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)(7)	Belgium
Panaya Inc. (Panaya)	U.S.
Panaya Ltd.(8)	Israel
Panaya GmbH(8)	Germany
Panaya Japan Co. Ltd(4)(8)	Japan
Noah Consulting LLC (Noah)(9)	U.S.
Noah Information Management Consulting Inc. (Noah Canada)(10)	Canada
Brilliant Basics Holdings Limited (Brilliant Basics)(11)	U.K.
Brilliant Basics Limited(12)	U.K.

Name of subsidiary companies	Country
Brilliant Basics (MENA) DMCC[12]	UAE
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[13]	UAE
Fluido Oy[13][17]	Finland
Fluido Sweden AB (Extero)[18]	Sweden
Fluido Norway A/S[18]	Norway
Fluido Denmark A/S[18]	Denmark
Fluido Slovakia s.r.o[18]	Slovakia
Fluido Newco AB[18]	Sweden
Infosys Compaz PTE. Ltd (formerly Trusted Source Pte. Ltd) [13][19]	Singapore
Infosys South Africa (Pty) Ltd[13][20]	South Africa
WongDoody Holding Company Inc. (WongDoody) [14]	U.S.
WDW Communications, Inc[16]	U.S.
WongDoody, Inc[16]	U.S.

(1) Wholly-owned subsidiary of Infosys Limited
(2) Incorporated effective November 20, 2017
(3) Majority-owned and controlled subsidiary of Infosys Limited
(4) Under liquidation
(5) Wholly-owned subsidiary of Infosys BPM
(6) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(8) Wholly-owned subsidiary of Panaya Inc.
(9) Liquidated effective November 9, 2017
(10) Wholly-owned subsidiary of Noah. Liquidated effective December 20, 2017
(11) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holding Limited
(12) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(13) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(14) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
(15) Liquidated effective May 17, 2018
(16) Wholly-owned subsidiary of WongDoody
(17) On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
(18) Wholly-owned subsidiary of Fluido Oy
(19) On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
(20) Incorporated effective December 19,2018
(21) Incorporated effective November 29, 2018
(22) Incorporated effective November 27, 2018, wholly owned subsidiary Infosys Public Services Inc
(23) Liquidated effective May 9, 2017, wholly owned subsidiary Infosys Public Services Inc

Infosys has provided guarantee for performance of certain contracts entered into by its subsidiaries.

Associate

DWA Nova LLC an associate of Infosys Ltd has been liquidated w.e.f November 17, 2017

The details of amounts due to or due from related parties as at March 31, 2019 are as follows:

In EUR

Particulars	As at March 31, 2019
Share application pending allotment	
Infosys Limited	130,000
	130,000

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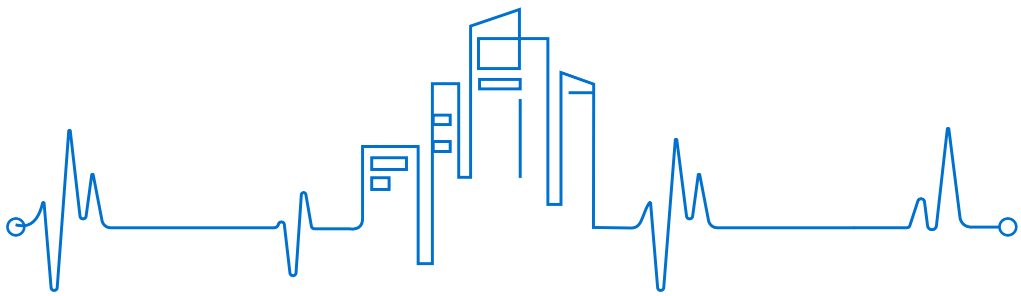

Infosys Americas Inc.

Independent Auditor's Report

To the Members of Infosys America Inc.

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys America Inc. ('the Company'), which comprises the Balance Sheet as at March 31, 2019, 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 notes to the financial statement including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'Ind AS financial statements').

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, 2019 and its financial performance including other comprehensive income, its cash flows, and the changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's 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 issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the Code of Ethics.

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.

Responsibilities of Management's and those charged with Governance for the financial Statement

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

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.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objective 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

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.
April 9, 2019

Balance Sheet

In US$

Particulars	Note no.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Current assets			
Financial assets			
Cash and cash equivalents	2.1	82,482	85,335
Total current assets		82,482	85,335
Total Assets		82,482	85,335
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.4	100,000	100,000
Other equity		(19,968)	(17,115)
Total equity		80,032	82,885
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		82,482	85,335

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 Americas Inc.

M. Rathnakar Kamath
Partner
Membership number: 202841

Mohit Joshi
Director

Bengaluru
April 9, 2019

Statement of Profit and Loss

In US$, except equity share and per equity share data

Particulars	Note no.	Years ended March 31	
		2019	2018
Revenue from operations		–	–
Total income		–	–
Expenses			
Consultancy and professional charges		2,514	2,511
Other expenses	2.6	339	439
Total expenses		2,853	2,950
Loss before tax		(2,853)	(2,950)
Tax expense			
Current tax	2.5	–	–
Loss for the year		(2,853)	(2,950)
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 period		(2,853)	(2,950)
Earnings per equity share			
Equity shares of par value US$ 10/- each			
Basic (USD)		(0.29)	(0.30)
Diluted (USD)		(0.29)	(0.30)
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

for and on behalf of the Board of Directors of Infosys Americas Inc.

M. Rathnakar Kamath
Partner
Membership number: 202841

Mohit Joshi
Director

Bengaluru
April 9, 2019

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, 2017	100,000	(14,165)	85,835
Changes in equity for the year ended March 31, 2018			
Loss for the period		(2,950)	(2,950)
Balance as of March 31, 2018	100,000	(17,115)	82,885
Changes in equity for the year ended March 31, 2019			
Loss for the period		(2,853)	(2,853)
Balance as of March 31, 2019	100,000	(19,968)	80,032

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 Americas Inc.

M. Rathnakar Kamath
Partner
Membership number: 202841

Mohit Joshi
Director

Bengaluru
April 9, 2019

Statement of Cash Flows

In US$

Particulars	Years ended March 31,	
	2019	2018
Cash flow from operating activities		
Loss for the period	(2,853)	(2,950)
Adjustments to reconcile net profit to net cash provided by operating activities		
Income tax expense	–	–
Changes in assets and liabilities		
Other financial liabilities	–	–
Cash used in operations	(2,853)	(2,950)
Income taxes paid	–	–
Net cash used in operating activities	(2,853)	(2,950)
Net cash used in investing activities	–	–
Net cash used in financing activities	–	–
Net decrease in cash and cash equivalents	(2,853)	(2,950)
Cash and cash equivalents at the beginning of the period	85,335	88,285
Cash and cash equivalents at the end of the period	82,482	85,335

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 Americas Inc.

M. Rathnakar Kamath
Partner
Membership number: 202841

Mohit Joshi
Director

Bengaluru
April 9, 2019

Company overview

Infosys Americas Inc (Infosys Americas) is a wholly-owned subsidiary of Infosys Limited.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from April 1 to March 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

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.

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 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.

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.

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

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,	
	2019	2018
Balances with banks		
In current accounts	82,482	85,335
Total	82,482	85,335

2.2 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments:

In US$

Particulars	As at March 31,	
	2019	2018
Assets		
Cash and cash equivalents (Refer to Note 2.1)	82,482	85,335
Total	82,482	85,335
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 borrowings.

The Company had a working capital of US $ 80,032 and US $ 82,885 as of March 31, 2019 and March 31, 2018 respectively, which includes cash & cash equivalients of US $ 82,482 and US $ 85,335 as of March 31, 2019 and March 31, 2018 respectively.

2.3 Other financial liablities

In US$

Particulars	As at March 31,	
	2019	2018
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,	
	2019	2018
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	100,000	100,000
10,000 (10,000) equity shares of US $ 10 par value		
	100,000	100,000

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

In Nos., except as stated otherwise

Particulars	As at March 31,			
	2019		2018	
Name of the shareholder	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,	
	2019	2018
Current taxes	–	–
Income tax expense	–	–

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,	
	2019	2018
Profit before income taxes	(2,853)	(2,950)
Enacted tax rates in USA	40.00%	40.00%
Computed expected tax expense	(1,141)	(1,180)
Effect of unrecognized deferred tax assets on loss	1,141	1,180
Others	–	–
Income tax expense	–	–

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

In US$

Particulars	Years ended March 31,	
	2019	2018
Net current income tax asset/ (liability) at the beginning	–	–
Income tax paid	–	–
Current income tax expense	–	–
Net current income tax asset/ (liability) at the end	–	

2.6 Expenses

In US$

Particulars	Years ended March 31	
	2019	2018
Other expenses		
Rates and taxes	300	300
Bank Charges	39	139
Total	339	439

2.7 Related party transactions

List of related parties

Name of Holding Company	Country	Holding as at March 31	
		2019	2018
Infosys Ltd	India	100%	100%

List of fellow subsidiaries

Name of subsidiary companies	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)	U.S.
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH[1] (formerly Lodestone Management Consultants GmbH)	Austria

Name of subsidiary companies	Country
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	U.S.
Infosys Chile SpA[2]	Chile
Infosys Arabia Limited[3]	Saudi Arabia
Infosys Consulting Ltda.[3]	Brazil
Infosys CIS LLC[1][22]	Russia
Infosys Luxembourg S.a.r.l [1][17]	Luxembourg
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)[4]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.
Infosys Canada Public Services Inc[23]	Canada
Infosys Canada Public Services Ltd[24]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o.[5]	Czech Republic
Infosys Poland, Sp z.o.o[5]	Poland
Infosys McCamish Systems LLC [5]	U.S.
Portland Group Pty Ltd[5]	Australia
Infosys BPO Americas LLC.[5]	U.S.
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc.[6][15]	U.S.
Infosys Management Consulting Pty Limited[6]	Australia
Infosys Consulting AG[6]	Switzerland
Infosys Consulting GmbH[6]	Germany
Infosys Consulting SAS[6]	France
Infosys Consulting s.r.o.[6]	Czech Republic
Infosys Consulting (Shanghai) Co. Ltd. (formerly Lodestone Management Consultants Co., Ltd.)[6]	China
Infy Consulting Company Ltd[6]	U.K.
Infy Consulting B.V.[6]	The Netherlands
Infosys Consulting Sp. z.o.o[6]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [6]	Portugal
S.C. Infosys Consulting S.R.L.[1]	Romania
Infosys Consulting S.R.L.[6]	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)[7]	Belgium
Panaya Inc. (Panaya)	U.S.
Panaya Ltd.[8]	Israel
Panaya GmbH[8]	Germany
Panaya Japan Co. Ltd[4][8]	Japan
Noah Consulting LLC (Noah)[9]	U.S.
Noah Information Management Consulting Inc. (Noah Canada)[10]	Canada
Brilliant Basics Holdings Limited (Brilliant Basics)[11]	U.K.
Brilliant Basics Limited[12]	U.K.
Brilliant Basics (MENA) DMCC[12]	UAE
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore

Name of subsidiary companies	Country
Infosys Middle East FZ LLC[13]	UAE
Fluido Oy[13][18]	Finland
Fluido Sweden AB (Extero)[19]	Sweden
Fluido Norway A/S[19]	Norway
Fluido Denmark A/S[19]	Denmark
Fluido Slovakia s.r.o[19]	Slovakia
Fluido Newco AB[19]	Sweden
Infosys Compaz PTE. Ltd (formerly Trusted Source Pte. Ltd) [13][20]	Singapore
Infosys South Africa (Pty) Ltd[13][21]	South Africa
WongDoody Holding Company Inc. (WongDoody) [14]	U.S.
WDW Communications, Inc[16]	U.S.
WongDoody, Inc[16]	U.S.

(1) Wholly-owned subsidiary of Infosys Limited

(2) Incorporated effective November 20, 2017

(3) Majority-owned and controlled subsidiary of Infosys Limited

(4) Under liquidation

(5) Wholly-owned subsidiary of Infosys BPM

(6) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(7) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(8) Wholly-owned subsidiary of Panaya Inc.

(9) Liquidated effective November 9, 2017

(10) Wholly-owned subsidiary of Noah. Liquidated effective December 20, 2017

(11) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holding Limited

(12) Wholly-owned subsidiary of Brilliant Basics Holding Limited.

(13) Wholly-owned subsidiary of Infosys Consulting Pte Ltd

(14) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody

(15) Liquidated effective May 17, 2018

(16) Wholly-owned subsidiary of WongDoody

(17) Incorporated effective August 6, 2018

(18) On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries

(19) Wholly-owned subsidiary of Fluido Oy

(20) On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd

(21) Incorporated effective December 19,2018

(22) Incorporated effective November 29, 2018

(23) Incorporated effective November 27, 2018, wholly-owned subsidiary Infosys Public Services Inc

(24) Liquidated effective May 9, 2017, wholly-owned subsidiary Infosys Public Services Inc

Infosys has provided guarantee for performance of certain contracts entered into by its subsidiaries.

Associate

DWA Nova LLC was liquidated w.e.f. November 17, 2017.

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Infosys Technologies (Australia) Pty. Limited

Independent Auditor's Report

To the Members of Infosys Technologies (Australia) Pty. Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys Technologies (Australia) Pty. Limited ('the Company'), which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow, the Statement of Changes in Equity for the year then ended, and notes to the financial statement including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'Ind AS financial statements').

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, 2019 and its financial performance including Other Comprehensive Income, its Cash Flows, and the Changes in Equity for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's 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 issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the Code of Ethics.

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.

Other Matters

The Company is currently under liquidation. The financials statements of the Company have not been prepared on a going concern basis. However, the financial statement has been prepared on liquidation basis. Assets and liabilities are presented as current. Assets have been recorded at their realisable value and liabilities recorded at their known estimate settlement value.

Responsibilities of Management's and those Charged with Governance for the Financial Statement

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

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.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objective 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

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 there under.

for Shenoy & Kamath
Chartered Accountants

Firm's registration number: 006673S

M. Rathnakar Kamath
Partner

Membership number: 202841

Bengaluru

April 9, 2019

Balance Sheet

In AUS $

Particulars	Note no.	As at March 31,	
		2019	2018
ASSETS			
Current assets			
Financial assets			
Cash and cash equivalents	2.1	1,307,723	7,514,450
Other financial assets	2.2	–	49,642
Total current assets		1,307,723	7,564,092
Total Assets		1,307,723	7,564,092
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.5	1,108,881	1,108,881
Other equity		197,780	6,439,612
Total equity		1,306,661	7,548,493
LIABILITIES			
Current liabilities			
Financial liabilities			
Other financial liabilities	2.4	–	3,218
Income tax liabilities (net)	2.6	1,062	12,381
Total current liabilities		1,062	15,599
Total equity and liabilities		1,307,723	7,564,092

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 Technologies (Australia) Pty. Limited

Andrew Groth
Director

U. B. Pravin Rao
Director

Bengaluru
April 9, 2019

Statement of Profit and Loss

In AUS $, except equity share and per equity share data

Particulars	Note no.	Years ended March 31, 2019	2018
Revenue from operations		–	–
Other income	2.7	30,092	125,490
Total income		30,092	125,490
Expenses			
Consultancy and professional charges		4,000	(9,150)
Other expenses		3,263	(8,799)
Total expenses		7,263	- 17,949
Profit before tax		22,829	143,439
Tax expense			
Current tax	2.6	14,661	(41,430)
Profit for the year		8,168	184,869
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		8,168	184,869
Earnings per equity share			
Equity shares of par value AUS $ 0.11 each			
Basic (AUS $)		0.00	0.02
Diluted (AUS $)		0.00	0.02
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

for and on behalf of the Board of Directors of Infosys Technologies (Australia) Pty. Limited

Andrew Groth
Director

U. B. Pravin Rao
Director

Bengaluru
April 9, 2019

Statement of Changes in Equity

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, 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
Changes in equity for the year ended March 31, 2019			
Profit for the period	–	8,168	8,168
Dividend distributed to holding company	–	(6,250,000)	(6,250,000)
Balance as of March 31, 2019	1,108,881	197,780	1,306,661

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 Technologies (Australia) Pty. Limited

Andrew Groth
Director

U. B. Pravin Rao
Director

Bengaluru
April 9, 2019

Statement of Cash Flows

Particulars	Years ended March 31,	
	2019	2018
Cash flow from operating activities		
Profit for the period	8,168	184,869
Adjustments to reconcile net profit to net cash provided by operating activities		
Income tax expense	14,661	(41,430)
Changes in assets and liabilities		
Other financial asets	49,642	(38,694)
Other financial liabilities, other liabilities and provisions	(3,218)	(126,567)
Cash generated from operations	69,253	(21,822)
Income taxes paid	(25,980)	11,714
Net cash generated/(used) by operating activities	43,273	(10,108)
Net cash used in investing activities	–	–
Cash flow from financing activities		
Dividend distributed to holding company	(6,250,000)	–
Net cash used in financing activities	(6,250,000)	–
Net decrease in cash and cash equivalents	(6,206,727)	(10,108)
Cash and cash equivalents at the beginning of the period	7,514,450	7,524,558
Cash and cash equivalents at the end of the period	1,307,723	7,514,450

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 Technologies (Australia) Pty. Limited

Andrew Groth
Director

U. B. Pravin Rao
Director

Bengaluru
April 9, 2019

Company overview

Infosys Technologies (Australia) Pty. Limited (Infosys Australia) is a wholly-owned subsidiary of Infosys Limited.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from April 1 to March 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

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.

Infosys Australia is currently under liquidation. Accordingly, these financial statements have not been prepared on a going concern basis. Instead, these financial statements have been prepared on liquidation basis. Assets and liabilities are presented as current. Assets have been recorded at their realizable value and liabilities recorded at their known estimated settlement value.

1.3 Functional currency

The Company's functional currency is Australian Dollars.

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 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 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.

1.10 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.

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.

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

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 Other income

Other income is comprised primarily of interest income and exchange gain/ loss on translation of other assets and liabilities.

1.13 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 AUS $

Particulars	As at March 31,	
	2019	2018
Balances with banks		
In current and deposit accounts	1,307,723	7,514,450
	1,307,723	7,514,450

2.2 Other financial assets

In AUS $

Particulars	As at March 31,	
	2019	2018
Current		
Interest accrued but not due	–	49,642
Total	–	49,642

2.3 Financial instruments

Financial instruments by category

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

In AUS $

Particulars	As at 31 March	
	2019	2018
Assets		
Cash and cash equivalents (Refer to Note 2.1)	1,307,723	7,514,450
Other financial assets (Refer to Note 2.2)	–	49,642
Total	1,307,723	7,564,092
Liabilities		
Other financial liabilities (Refer to Note 2.4)	–	3,218
Total	–	3,218

All the above financial instruments are carried at ammortized 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, 2019, the Company had a working capital of AUS $ 1,306,661 including cash and cash equivalents of AUS $ 1,307,723. As of March 31, 2018, the Company had a working capital of AUS $ 7,548,493 including cash and cash equivalents of AUS $ 7,514,450.

2.4 Other financial liablities

In AUS $

Particulars	As at March 31,	
	2019	2018
Current		
Others		
Accrued expenses	–	3,218
Others	–	–
Total financial liabilities	–	3,218

All financial libilities are carried at ammortized cost.

2.5 Equity

Equity share capital

In AUS $, except as otherwise stated

Particulars	As at March 31,	
	2019	2018
Authorized		
Equity shares		
10,108,869 (10,108,869) equity shares AUS $ 0.11 par value	1,108,881	1,108,881
Issued, subscribed and paid-up		
Equity shares	1,108,881	1,108,881
10,108,869 (10,108,869) equity shares AUS $ 0.11 par value fully paid-up		
	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,			
	2019		2018	
	No. of shares	% held	No. 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 AUS $

Particulars	Years ended March 31,	
	2019	2018
Current taxes	14,661	(41,430)
Income tax expense	14,661	(41,430)

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:

Particulars	Years ended March 31,	
	2019	2018
Profit before income taxes	22,829	143,439
Enacted tax rates in Australia	30.00%	30.00%
Computed expected tax expense	6,849	43,032
Tax effect due to non-taxable income	–	(6,801)
Overseas taxes	–	–
Tax reversals, overseas	–	(77,661)
Effect of exempt non-operating (income)/ loss	7,812	–
Effect of unrecognized deferred tax assets	–	–
Effect of differential overseas tax rates	–	–
Effect of non-deductible expenses	–	–
Income tax expense	14,661	(41,430)

The applicable Indian statutory tax rate for fiscal 2018 and fiscal 2017 is 30%.

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

In AUS $

Particulars	As at March 31, 2019	As at March 31, 2018
Income tax assets	–	–
Current income tax liabilities	1,062	12,381
Net current income tax assets/ (liability) at the end	(1,062)	(12,381)

In AUS $

Particulars	Years ended March 31, 2019	Years ended March 31, 2018
Net current income tax asset/ (liability) at the beginning	(12,381)	(42,097)
Income tax paid	25,980	(11,714)
Current income tax expense	(14,661)	41,430
Net current income tax asset/ (liability) at the end	(1,062)	(12,381)

2.7 Other income

In AUS $

Particulars	Years ended March 31, 2019	Years ended March 31, 2018
Interest received on deposit with bank	56,134	102,668
Exchange gains on translation of other assets and liabilities	(26,042)	22,668
Miscellanous income	0	154
	30,092	125,490

2.8 Related party transactions

List of related parties

Name of holding company	Country
Infosys Limited	India

List of fellow subsidiaries

Name of subsidiary companies	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)	U.S.
EdgeVerve Systems Limited (EdgeVerve)	India
Lodestone Management Consultants GmbH(1)	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	U.S.
Infosys Chile SpA(2)	Chile
Infosys Arabia Limited(3)	Saudi Arabia
Infosys Americas Inc., (Infosys Americas)	U.S.
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.
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)	U.S.
Portland Group Pty Ltd(7)	Australia
Infosys BPO Americas LLC.(7)	U.S.
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc.(4)(8)	U.S.
Infosys Management Consulting Pty Limited(8)	Australia
Infosys Consulting AG(8)	Switzerland
Infosys Consulting GmbH(8)	Germany

Name of subsidiary companies	Country
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]	U.K.
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)	U.S.
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]	U.S.
Noah Information Management Consulting Inc. (Noah Canada)[16][17]	Canada
Brilliant Basics Holdings Limited[18]	U.K.
Brilliant Basics Limited[19]	U.K.
Brilliant Basics (MENA) DMCC[19]	Dubai
Infosys Consulting Pte Limited[1]	Singapore
Infosys Middle East FZ LLC[20]	UAE

[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

Infosys has provided guarantee for performance of certain contracts entered into by its subsidiaries.

Associate

DWA Nova LLC has been liquidated w.e.f November 17, 2017.

Infosys Public Services, Inc.

Independent Auditors' Report

To the Board of Directors of Infosys Public Services, Inc.

We have audited the accompanying consolidated financial statements of Infosys Public Services, Inc. and its subsidiary (the 'Company'), which comprise the consolidated balance sheets as of March 31, 2019 and 2018, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Infosys Public Services, Inc. and its subsidiary as of March 31, 2019 and 2018, and the results of their operations, changes in stockholders' equity and their cash flows for year then ended in accordance with accounting principles generally accepted in the United States of America.

Deloitte Haskins & Sells LLP

Bengaluru, India

May 15, 2019

Consolidated Balance Sheet

In US$, except equity share data

Particulars	Note no.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Current assets			
Cash and cash equivalents	2.1	36,990,838	59,290,602
Trade receivables	2.2	16,885,331	14,887,404
Unbilled revenue		16,811,886	13,637,740
Loan to fellow subsidiaries		3,000,000	8,500,000
Prepayments and other current assets	2.3	929,801	1,436,902
Total current assets		74,617,856	97,752,648
Non-current assets			
Property, plant and equipment	2.4	74,212	44,292
Loan to fellow subsidiaries		12,000,000	–
Deferred Income tax assets		2,502,552	1,871,352
Income tax assets		1,528,076	90,001
Total non-current assets		16,104,841	2,005,645
Total assets		90,722,697	99,758,293
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables	2.5	9,214,162	9,165,973
Income tax liabilities		148,615	96,460
Unearned revenue		2,798,941	11,856,891
Client deposit		110,000	220,000
Employee benefit obligations	2.6	895,014	800,153
Provisions	2.8	970,176	589,745
Other current liabilities	2.7	10,666,313	6,003,973
Total current liabilities		24,803,221	28,733,194
Total liabilities		24,803,221	28,733,194
Equity			
Common Stock - US$ 0.50/- par value, Authorised: 40,000,000 shares; Issued and outstanding 35,000,000		17,500,000	17,500,000
Retained earnings		48,419,476	53,525,098
Total stockholders' equity		65,919,476	71,025,098
Total liabilities and stockholders' equity		90,722,697	99,758,293

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

Ravi Kumar S.
Director

Eric Paternoster
Chief Executive Officer

Delaware, USA
May 15, 2019

Consolidated Statement of Income

In US $ except equity share data

Statement of Income	Note no.	Years ended March 31,	
		2019	2018
Revenue		150,531,666	147,619,878
Cost of Revenue	2.10	144,651,931	121,810,785
Gross profit		5,879,735	25,809,093
Expenses:			
Selling and marketing expenses	2.10	2,103,969	2,329,674
Administrative expenses	2.10	4,451,183	4,434,406
Total operating expenses		6,555,152	6,764,080
Operating profit/ (loss)		(675,417)	19,045,013
Other (expenses)/ income	2.11	(19,473)	702,124
Profit/ (loss) before income taxes		(694,890)	19,747,137
Income tax expense	2.13	4,410,732	8,437,034
Net profit/ (loss) for the period		(5,105,622)	11,310,102
Earnings per equity shares			
Earnings per equity share of $0.50 each		(0.15)	0.32
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.

Ravi Kumar S.
Director

Eric Paternoster
Chief Executive Officer

Delaware, USA
May 15, 2019

Consolidated Statement of Changes in Stockholder's Equity

In US $ except equity share data

Particulars	Common Stock		Retained earnings	Total equity attributable to equity holders of the company
	Shares	Amount		
Balance as at 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 profit/ (loss)	–	–	11,310,102	11,310,102
Balance as at March 31, 2018	35,000,000	17,500,000	53,525,098	71,025,098
Balance as at April 1, 2018	35,000,000	17,500,000	53,525,098	71,025,098
Changes in stockholders' equity for the year ended March 31, 2019				
Net profit/ (loss)	–	–	(5,105,622)	(5,105,622)
Balance as at March 31, 2019	35,000,000	17,500,000	48,419,476	65,919,476

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

Ravi Kumar S.
Director

Eric Paternoster
Chief Executive Officer

Delaware, USA
May 15, 2019

Consolidated Statement of Cash Flows

In US $

Particulars	Years ended March 31, 2019	2018
Operating activities:		
Net Profit / (loss)	(5,105,622)	11,310,102
Adjustments to reconcile net profit to net cash provided by operating activities :		
Depreciation and amortization	50,178	106,244
Income tax expense	4,410,732	8,437,034
Provision for doubtful trade receivable	(175,568)	(152,383)
Interest Income on loan to fellow subsidiary	(375,842)	(124,966)
Post Sales Client Support, net of reversals	384,880	321,983
Forex gain or loss on Cash and Cash equivalents	469,984	(457,989)
Changes in Working Capital		
Trade receivables	(1,979,681)	6,549,082
Prepayments and other assets	594,146	(956,345)
Unbilled revenue	(3,016,825)	(5,608,945)
Trade payables	48,190	(598,717)
Client deposits	(110,000)	220,000
Unearned revenue	(9,057,950)	10,545,870
Other liabilities and provisions	4,799,182	2,045,779
Cash (used in)/ generated from operations	(9,064,198)	31,636,750
Income taxes paid	(6,427,852)	(4,393,910)
Net cash (used in)/ generated from operating activities	(15,492,050)	27,242,840
Investing activities:		
Loan to fellow Subsidiaries	(12,000,000)	(8,500,000)
Loan refund from fellow subsidiaries	5,500,000	
Interest received on loan from fellow subsidiaries	281,575	
Expenditure on property, plant and equipment, including changes in retention money and capital creditors	(168,917)	(12,766)
Loans to employees	49,611	121,329
Net cash (used in) / generated from investing activities	(6,337,730)	(8,391,436)
Financing activities:	–	–
Net cash (used in) / generated from financing activities	–	–
Effect of exchange rate changes on cash and cash equivalents	(469,984)	457,989
Net increase/(decrease) in cash and cash equivalents	(21,829,780)	18,851,404
Cash and cash equivalents at the beginning of the period	59,290,602	39,981,209
Cash and cash equivalents at the end of the period	36,990,838	59,290,602

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

Ravi Kumar S.
Director

Eric Paternoster
Chief Executive Officer

Delaware, USA
May 15, 2019

1. Company Overview and Significant Accounting Policies

1.1 Company overview

Infosys Public Services Inc. ('the Company') was incorporated on October 9, 2009. The Company is a wholly-owned subsidiary of Infosys Limited, India. The Company provides end-to-end business solutions that leverage technology, thereby enabling its clients to enhance business performance. The Company's operations are to provide solutions that span the entire software lifecycle encompassing technical consulting, design, development, re-engineering, maintenance, systems integration, package evaluation and implementation, testing and infrastructure management services.

1.2 Basis of preparation of financial statements

The accompanying financial statements have been prepared in conformity with U.S. generally accepted accounting principles to reflect the financial position and results of operations of the Company. The financial statements have been presented in United States Dollars.

The Group's consolidated financial statements are authorized for issue by the Company's Board of Directors on 15th May' 2019.

1.3 Basis of consolidation

These consolidated financial statements are prepared in accordance with ASC 810 and consolidates the entity which it controls Infosys Canada Public Services Inc. In this financial year Infosys Canada Public Services Inc has not commenced its operations.

1.4 Use of estimates

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Significant estimates and assumptions are used for, but not limited to, accounting for costs and efforts expected to be incurred to complete performance under software development arrangements, allowance for 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 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

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.

1.6 Plant and equipment

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

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

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.

1.7 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.

1.8 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, 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.

1.9 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.

1.10 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. Years ended March 31, 2019, 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

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 management's opinion, as of March 31, 2019 and 2018 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.

1.12 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.

1.13 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 will adopt the standard on April 1, 2019 by using modified retrospective approach and accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The effect on adoption of ASC 606 is expected to be insignificant.

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 will adopt the standard on April 1, 2019 by using modified retrospective approach and accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted.

c) 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.

d) 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.'

e) 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.

f) 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.

2. Notes to the Financial Statements

2.1 Cash and cash equivalents

Cash and cash equivalents consist of the following:

In US$

Particulars	As at March 31,	
	2019	2018
Cash and bank balances	36,990,838	59,290,602
	36,990,838	59,290,602

The details of cash and cash equivalents are as follows:

In US$

Particulars	As at March 31,	
	2019	2018
Currents Accounts		
Bank of America	21,425,564	35,183,567
Royal Bank of Canada	15,565,274	24,107,035
Total	36,990,838	59,290,602

2.2 Trade accounts receivables

Accounts receivable as at March 31, 2019 is US $ 16,885,331 (previous year - US $ 14,887,404), net of allowances recorded of US $ 355,569 (previous year - US $ 374,398). 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 is as follows:

In US $

Particulars	As at March 31, 2019	As at March 31, 2018
Accounts receivable, gross(1)	17,240,900	15,261,802
Less: Provision for doubtful trade receivable	355,569	374,398
	16,885,331	14,887,404

(1) Includes dues from related parties (Refer to Note 2.14)

2.3 Prepayments and other assets

Prepayments and other assets is as follows:

In US $

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Loans and advances to employees	47,149	96,761
Accrued Interest on loan to Fellow Subsidiaries (Refer to Note 2.14)	219,233	124,966
Prepaid expenses (1)	138,647	62,839
Advance payments to vendors for supply of goods and services (1)	12,597	41,243
Withholding taxes (1)	435,086	295,932
Other receivables from related party (Refer to Note 2.14)	62,136	806,279
Other assets	14,953	8,882
Total current and non assets	929,801	1,436,902

(1) Non financial assets

2.4 Property, plant and equipment

Plant and equipment is as follows:

In US $

Particulars	As at March 31, 2019	As at March 31, 2018
Computer equipment	549,570	547,109
Plant and machinery	10,053	10,053
Office equipment	47,411	37,701
Furniture and fixtures	195,509	174,363
	802,543	769,226
Accumulated depreciation	728,331	724,934
Carrying value	74,212	44,292

The depreciation expense amounted to US $ 50,178 and US $ 106,244 for year ended March 31, 2019 and March 31, 2018 which has been included in cost of revenues.

2.5 Trade accounts payables

Trade accounts payable is as follows:

In US $

Particulars	As at March 31, 2019	As at March 31, 2018
Due to related parties (Refer to Note 2.14)	8,510,979	8,545,840
Other accounts payable	703,183	620,133
	9,214,162	9,165,973

2.6 Employee benefit obligation

Employee benefit obligation is as follows:

In US $

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for compensated absences	895,014	800,153
	895,014	800,153

2.7 Other liabilities

Other liabilities comprise as follows:

In US $

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Accrued compensation to employees	2,026,390	1,800,460
Accrued expenses	7,745,409	1,363,766
Withholding taxes payable (2)	357,025	400,505
Retention money	–	88,483
Payable to related parties (Refer to Note 2.14)	496,822	2,346,300
Others	40,667	4,458
	10,666,313	6,003,973

* Accrued expenses primarily consists of cost of technical sub-contractors US $ 5,637,910 (previous year - 879,385), legal and professional charges US $ 186,506 (previous year 144,378) and others US $ 1,920,993 (previous year 340,003).

* Accrued compensation to employees consists of salary payable US $ 425,745 (previous year - US $ 388,413) and bonus and incentives payable US $ 1,600,645 (previous year - US $ 1,412,047)

(2) Non Financial Liability

2.8 Provisions

Other liabilities is as follows:

In US $

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for post-sales customer-support	970,176	589,745
	970,176	589,745

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

In US $

Particulars	As at March 31, 2019	2018
Balance at the beginning	589,745	261,364
Provision	384,880	328,381
Provision utilized	–	–
Forex impact	(4,449)	–
Balance at the end	970,176	589,745

2.9 Financial instruments

The carrying value and fair value of financial instruments are as follows:

In US $

Particulars	As at March 31, 2019	2018
Assets:		
Cash and cash equivalents (Refer to Note 2.1)	36,990,838	59,290,602
Trade accounts receivables (Refer to Note 2.2)	16,885,331	14,887,404
Unbilled revenue	16,811,886	13,637,740
Loans to employees (Refer to Note 2.3)	47,149	96,761
Loan to fellow subsidiaries (Refer to Note 2.14)	15,000,000	8,500,000
Accrued interest on loan to fellow subsidiaries (Refer to Note 2.14)	219,233	124,966
Prepayments and other assets (Refer to Note 2.3)	77,089	815,161
Total	86,031,526	97,352,634
Liabilities:		
Trade accounts payables	9,214,162	9,165,973
Client deposit	110,000	220,000
Employee benefit obligation (Refer to Note 2.6)	895,014	800,153
Accrued expenses (Refer to Note 2.7)	7,745,409	1,363,766
Retention money (Refer to Note 2.7)	–	88,483
Accrued compensation to employees (Refer to Note 2.7)	2,026,390	1,800,460
Other financial liabilities (Refer to Note 2.7)	537,489	2,350,758
Total	20,528,465	15,789,594

The financial instruments are carried at amortized cost and the carrying value approximate their fair value.

2.10 Operating expenses

Break up of expenses:

In US $

Particulars	Years ended March 31, 2019	2018
Employee benefit costs	17,234,408	18,224,883
Depreciation	50,178	106,244
Travelling costs	1,169,232	1,227,693
Consultancy and professional charges	870,567	989,838
Cost of software packages for own use	1,820,725	795
Cost of technical sub-contractors	16,340,632	5,586,416
Cost of technical sub-contractors - related parties (Refer note 2.14)	112,620,904	101,320,618
Rates and taxes	80,966	72,970
Branding and marketing expenses	105,623	114,249
Provision/ (reversal) for post-sales client support	384,880	321,983
Provision for doubtful trade receivable	(175,568)	(152,383)
Rent	434,876	391,262
Commission to Non-executive Director	–	41,667
Others	269,661	328,628
Total	151,207,083	128,574,865

Cost of Sales

In US $

Particulars	Years ended March 31, 2019	2018
Employee benefit costs	12,336,659	13,349,371
Depreciation	50,178	106,244
Travelling costs	886,685	963,165
Cost of software packages for own use	1,820,725	795
Cost of technical sub-contractors	16,340,632	5,586,416
Cost of technical sub-contractors - related parties (Refer to Note 2.14)	112,620,904	101,320,618
Provision/ (reversal) for post-sales client support	384,880	321,983
Rent	176,240	92,306
Others	35,029	69,885
Total	144,651,931	121,810,785

Selling and marketing expenses

In US $

Particulars	Years ended March 31,	
	2019	2018
Employee benefit costs	1,774,869	2,009,808
Travelling costs	189,647	167,689
Consultancy and professional charges	22,143	27,524
Branding and marketing expenses	105,623	114,249
Rent	14	–
Rates and taxes	2,250	–
Others	9,423	10,404
Total	2,103,969	2,329,674

Administrative expenses

In US $

Particulars	Years ended March 31,	
	2019	2018
Employee benefit costs	3,122,880	2,865,704
Travelling costs	92,900	96,839
Consultancy and professional charges	848,424	962,314
Rates and taxes	78,716	72,970
Provision for doubtful trade receivable	(175,568)	(152,383)
Rent	258,622	298,956
Commission to Non-executive Director	–	41,667
Others	225,209	248,339
Total	4,451,183	4,434,406

2.11 Other income

Other income / (expense) is as follows:

In US $

Particulars	Years ended March 31,	
	2019	2018
Interest Income	693,314	124,966
Exchange gains / (losses)	(715,862)	571,963
Others	3,075	5,196
	(19,473)	702,124

2.12 Operating leases

Total rental expenses under operating leases was US $ 434,876 and US $ 391,262 during the year ended March 31, 2019 and March 31, 2018 respectively.

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

In US $

Particulars	Years ended March 31,	
	2019	2018
Within one year of the balance sheet date	158,089	366,468
Due in a period between one year and five years	–	158,089
Due after five years	–	–

2.13 Income taxes

Income tax expense comprises:

In US $

Particulars	Years ended March 31,	
	2019	2018
Current tax	5,041,933	7,458,382
Deferred tax	(631,201)	978,652
Income tax expense	4,410,732	8,437,034

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

In US $

Particulars	Years ended March 31,	
	2019	2018
Profit before incomes taxes	(694,890)	19,747,137
Enacted tax rate	21%	32%
Computed expected tax expense	(145,927)	6,230,222
BEAT Tax	5,459,934	-
State Taxes	(24,484)	1,528,045
Overseas taxes	140,353	143,848
Disallowed Items - Meals and Entertainment	81,656	63,618
Change in tax rate	–	914,922
Tax pertaining to prior year	(1,122,882)	(442,804)
Others	22,083	(818)
Income tax expense	4,410,732	8,437,034

The 'Tax Cuts and Jobs Act (H.R. 1)' was signed into law on December 22, 2017 ('US Tax Reforms'). The US tax reforms has added a new tax, the 'base erosion and anti-abuse tax' ('BEAT') effective for tax years beginning after December 31, 2017. During the year ended March 31, 2019, the US tax reforms has resulted in an additional tax expense of US $ 5,459,934.

The types of temporary differences that give rise to significant portions of the Company's deferred tax assets as at March 31, 2019 and March 31, 2018 are as follows:

Deferred tax assets

In US $

Particulars	As at March 31,	
	2019	2018
Plant and equipment	778,590	400,343
Compensated absences	259,554	232,044
Accrued compensation	505,141	410,096
Provision for post-sales customer support	281,351	171,026
Accounts receivables	167,364	218,351
Others	510,553	439,492
Total deferred income tax assets	2,502,552	1,871,352

In assessing the realisability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes that it is more likely than not that the Company will realize the benefit of the deductible differences at March 31, 2019. Accordingly, the Management has recorded deferred tax asset in its financial statements.

2.14 Related party transactions

(a) The Company has identified the following related parties:

Key management personnel

Eric Paternoster
Whole Time Director & Chief Executive Officer

Ravi Kumar S.
(Director)

Other companies within the group with which there were transactions

Infosys Limited (holding company)

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

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

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

Edgeverve Systems Limited ('Edgeverve' - fellow subsidiary)

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

Panaya Inc. ('Panaya' - fellow subsidiary)

Infosys Middle East FZ LLC (Fellow subsidiary)

Brilliant Basics Holdings ('Brillant Basics' - fellow subsidiary)

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

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

Kallidus Inc. ('Kallidus' - fellow subsidiary)

Infosys Austria Gmbh ('Infosys Austria' - fellow subsidiary)

(b) The details of amounts due to or due from as at Mar 31, 2019 and March 31, 2018 are as follows:

In US $

Particulars	As at March 31,	
	2019	2018
Trade accounts receivables		
Infosys Limited	621,363	263,204
	621,363	263,204
Trade accounts payables		
Infosys Limited	8,267,459	8,158,828
Infosys BPM	173,909	286,956
Edgeverve	62,512	75,069
Infosys China	7,099	14,032
Infosys Shanghai	–	10,955
	8,510,979	8,545,840
Other receivables		
Edgeverve	51,475	–
Infosys Limited	10,662	806,279
	62,136	806,279
Other payables		
Edgeverve	–	485,655
Infosys Limited	489,003	963,792
McCamish System	–	896,855
Panaya	7,819	–
	496,822	2,346,301
Loan to Fellow Subsidiaries		
McCamish Systems	–	5,500,000
Brillant Basics	1,000,000	1,000,000
BPO Americas	500,000	500,000
Infosys Middle East FZ - LLC	1,500,000	1,500,000
Kallidus	7,500,000	–
Panaya	4,000,000	–
Infosys Austria	500,000	–
	15,000,000	8,500,000
Accrued Interest on Loan to Fellow Subsidiaries		
McCamish Systems	–	112,637
Brillant Basics	4,041	4,247
BPO Americas	13,596	1,096
Infosys Middle East FZ - LLC	9,247	6,986
Kallidus	147,288	–
Panaya	38,493	–
Infosys Austria	6,568	–
	219,233	124,966

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

In US $

Particulars	Years ended March 31,	
	2019	2018
Revenue transactions:		
Sale of services		
Infosys Limited	5,566,294	3,478,958
	5,566,294	3,478,958
Purchase of services		
Infosys Limited	109,382,815	97,396,745
Infosys BPM	2,848,255	2,678,780
EdgeVerve	182,577	761,910
Panaya	58,481	37,873
Noah	–	148,778
Infosys China	115,720	187,702
Infosys Shanghai	33,056	108,830
	112,620,904	101,320,618

In US $

Particulars	Years ended March 31,	
	2019	2018
Loans Given		
BPO Americas	–	500,000
McCamish Systems	–	5,500,000
Kallidus Inc	7,500,000	–
Panaya Inc	4,000,000	–
Brillant Basics	–	1,000,000

Particulars	Years ended March 31,	
	2019	2018
Infosys Middle East FZ - LLC	–	1,500,000
Infosys Austria	500,000	–
	12,000,000	8,500,000

In US $

Particulars	Years ended March 31,	
	2019	2018
Repayment of Loan		
McCamish Systems	5,500,000	–
	5,500,000	–

In US $

Particulars	Years ended March 31,	
	2019	2018
Interest on loan to fellow subsidiaries		
McCamish Systems	108,493	112,637
Brillant Basics	25,000	4,247
BPO Americas	12,500	1,096
Infosys Middle East FZ - LLC	37,500	6,986
Kallidus Inc	147,288	–
Panaya Inc	38,493	–
Infosys Austria	6,568	–
	375,842	124,966

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

In US $

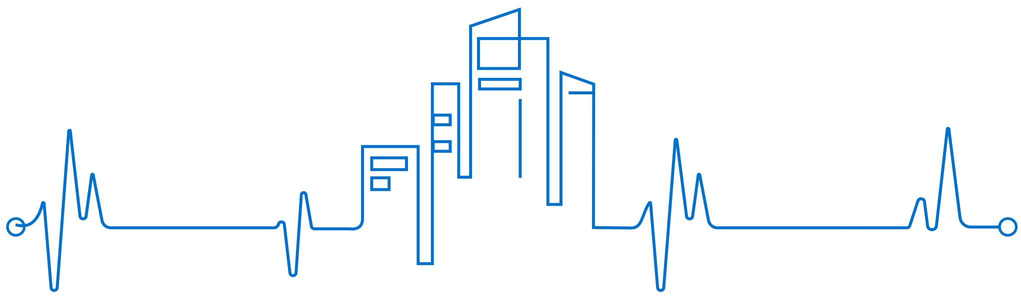
Particulars	Years ended March 31,	
	2019	2018
Commission and other benefits to non-executive/ independent directors	–	41,667
Salary paid to WTD & CEO	1,093,217	913,441
Total	1,093,217	955,108

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, 2019 up through May 15, 2019, 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 BPM Limited

(formerly known as Infosys BPO Limited)

Independent Auditor's Report

To the Members of Infosys BPM Limited

Report on the Audit of Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Infosys BPM Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2019, 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 ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the standalone financial statements').

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 Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and, Corporate Governance, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our 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.

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 Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the 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.

In preparing the standalone 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 Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of 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 auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 relevant books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's 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

Anand Subramanian
Partner
Membership number: 110815

Bengaluru
April 10, 2019

Balance Sheet

In ₹ crore

Particulars	Note no.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	228	249
Capital work-in-progress		11	3
Goodwill		19	19
Financial assets			
Investments	2.2	849	968
Loans	2.3	–	–
Other financial assets	2.4	34	31
Deferred tax assets (net)	2.14	58	50
Income tax assets (net)	2.14	96	77
Other non-current assets	2.7	77	27
Total non-current assets		1,372	1,424
Current assets			
Financial assets			
Investments	2.2	535	458
Trade receivables	2.5	715	569
Cash and cash equivalents	2.6	1,837	1,303
Loans	2.3	19	18
Other financial assets	2.4	277	164
Other current assets	2.7	93	44
Total current assets		3,476	2,556
Total assets		4,848	3,980
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.9	34	34
Other equity		4,000	3,407
Total equity		4,034	3,441
Liabilities			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	2.10	1	1
Other non-current liabilities	2.12	10	9
Total non - current liabilities		11	10
Current liabilities			
Financial liabilities			
Trade payables	2.11		
(A) total outstanding dues of micro enterprises and small enterprises; and		–	–
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		72	29
Other financial liabilities	2.10	426	352
Other current liabilities	2.12	261	114
Provisions	2.13	28	22
Income tax liabilities (net)	2.14	16	12
Total current liabilities		803	529
Total equity and liabilities		4,848	3,980

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	Ravi Kumar Singisetti *Chairman and Director*	Anantharaman Radhakrishnan *Managing Director and Chief Executive Officer*	Inderpreet Sawhney *Director*	D. N. Prahlad *Director*
	Prof. Jayanth R. Varma *Director*	Prem Pereira *Chief Financial Officer*	Bindu Raghavan *Company Secretary*	

Bengaluru
April 10, 2019

Statement of Profit and Loss

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

Particulars	Note no.	Years ended March 31,	
		2019	2018
Revenue from operations	2.15	3,932	3,061
Other income, net		225	219
Total income		4,157	3,280
Expenses			
Employee benefit expenses	2.17	2,434	1,888
Cost of technical sub-contractors and professional charges	2.17	302	210
Travel expenses		161	125
Lease rentals	2.18	115	96
Depreciation and amortization expense	2.1	83	77
Other expenses		279	242
Total expenses		3,374	2,638
Profit before tax		783	642
Tax expense:			
Current tax	2.14	195	182
Deferred tax	2.14	(8)	(9)
Profit for the year		596	469
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability/asset, net		(4)	(3)
		(4)	(3)
Items that will be reclassified subsequently to profit or loss			
Fair value changes on investmens, net	2.2	1	(2)
		1	(2)
Total other comprehensive income/(loss), net of tax		(3)	(5)
Total comprehensive income for the year		593	464
Earnings per equity share			
Equity shares of par value ₹ 10/- each			
Basic and diluted (₹)		176.30	138.76
Weighted average number of shares used in computing earnings per share			
Basic and diluted	2.20	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

Ravi Kumar Singisetti
Chairman and Director

Anantharaman Radhakrishnan
Managing Director and Chief Executive Officer

Inderpreet Sawhney
Director

D. N. Prahlad
Director

Prof. Jayanth R. Varma
Director

Prem Pereira
Chief Financial Officer

Bindu Raghavan
Company Secretary

Bengaluru
April 10, 2019

Statement of Changes in Equity

In ₹ crore

Particulars	Equity share capital	Other equity						Total equity attributable to equity holders of the company
		Reserves and surplus					Other comprehensive income	
		Securities premium(2)	Retained earnings	Capital reserve(2)	General reserve	Special economic zone re-investment reserve(1)(2)		
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								
Profit for the year	–	–	469	–	–	–	–	469
Fair value changes on investments, net of tax (Refer note 2.2)	–	–	–	–	–	–	(2)	(2)
Remeasurement of the net defined benefit liability/asset, net of tax	–	–	–	–	–	–	(3)	(3)
Total comprehensive income for the year	–	–	469	–	–	–	(5)	464
Transfer to Special Economic Zone Re-investment Reserve	–	–	(59)	–	–	59	–	–
Transfer from Special Economic Zone Re-investment Reserve on utilization	–	–	35	–	–	(35)	–	–
Dividends (including corporate dividend tax)	–	–	(1,018)	–	–	–	–	(1,018)
Balance as at March 31, 2018	34	25	2,376	1	1,000	24	(19)	3,441
Balance as at April 1, 2018	34	25	2,376	1	1,000	24	(19)	3,441
Changes in equity for the year ended March 31, 2019								
Profit for the year	–	–	596	–	–	–	–	596
Fair value changes on investments, net of tax (Refer note 2.2)	–	–	–	–	–	–	1	1
Remeasurement of the net defined benefit liability/asset, net of tax	–	–	–	–	–	–	(4)	(4)
Total comprehensive income for the year	–	–	596	–	–	–	(3)	593

Particulars	Equity share capital	Other equity						Total equity attributable to equity holders of the company
		Reserves and surplus					Other comprehensive income	
		Securities premium(2)	Retained earnings	Capital reserve(2)	General reserve	Special economic zone re-investment reserve(1)(2)		
Transfer to Special Economic Zone Re-investment Reserve	–	–	(110)	–	–	110	–	–
Transfer from Special Economic Zone Re-investment Reserve on utilization	–	–	44	–	–	(44)	–	–
Balance as at March 31, 2019	34	25	2,906	1	1,000	90	(22)	4,034

(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 Section 10AA(2) of the Income Tax Act, 1961.

(2) A description of the purposes of each reserve within equity have been disclosed in Note 2.9.

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

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Director

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Chief Financial Officer

Bindu Raghavan
Company Secretary

Bengaluru
April 10, 2019

Statement of Cash Flows

Accounting policy

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. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

In ₹ crore

Particulars	Note no.	Years ended March 31,	
		2019	2018
Cash flow from operating activities			
Profit for the year		596	469
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation and amortization expense		83	77
Income tax expense	2.14	187	173
Sale of duty scrips		(25)	–
Profit on sale of property, plant and equipment		(1)	(1)
Interest on bank deposits and others		(102)	(119)
Income on other financial assets		(81)	(61)
Exchange differences on translation of other assets and liabilities		(11)	(1)
Allowance for credit loss on financial assets		8	1
Other adjustments		6	(4)
Changes in assets and liabilities			
Trade receivables and unbilled revenue		(235)	(92)
Loans and other financial assets and other assets		(108)	4
Trade payables	2.11	43	22
Other financial liabilities, other liabilities and provisions		216	68
Cash generated from operations		576	536
Income taxes paid		(208)	(194)
Net cash generated by operating activities		368	342
Cash flow from investing activities			
Expenditure on property, plant and equipment, net of sale proceeds		(61)	(58)
Loans to employees	2.3	(1)	(1)
Deposits placed with corporation		(16)	(6)
Interest received on bank deposits and others		129	180
Investment in subsidiary	2.2	(14)	–
Proceeds from sale of duty scrips		25	–
Payment to acquire financial assets			
Non-convertible debentures		(66)	(104)
Certificates of deposit		(342)	(363)
Government bonds		(6)	–
Liquid mutual fund units and fixed maturity plan securities		(4,296)	(3,407)
Proceeds on sale of financial assets			
Non-convertible debentures		136	–
Government bonds		–	10
Certificates of deposit		390	279
Liquid mutual fund units and fixed maturity plan securities		4,277	3,387
Net cash (used in) / generated from investing activities		155	(83)
Cash flows from financing activities			
Payment of dividends (including corporate dividend tax)		–	(1,018)
Net cash used in financing activities		–	(1,018)

Particulars	Note no.	Years ended March 31,	
		2019	2018
Exchange differences on translation of other assets and liabilities		11	1
Net increase/(decrease) in cash and cash equivalents		523	(759)
Cash and cash equivalents at the beginning of the year		1,303	2,061
Cash and cash equivalents at the end of the year		1,837	1,303
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

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

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Director

Prem Pereira
Chief Financial Officer

Bindu Raghavan
Company Secretary

Bengaluru
April 10, 2019

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.

The standalone financial statements are approved by the Company's Board of Directors on April 10, 2019.

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.

Accounting policies have been applied consistently to all periods presented in these standalone financial statements 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 and judgements

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. 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.

Further, the Company uses significant judgements while determining the transaction price allocated to performance obligations using the expected cost plus margin approach.

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 (Refer to Note 2.15).

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 (Refer to Note 2.14)..

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 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 cash-generating unit or groups of cash-generating units 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 Recent accounting pronouncements

a. Ind AS 116 - Leases: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116 - Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 - Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective: Retrospectively to each prior period presented applying Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified retrospective: Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application either by:
- Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:
- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application

Certain practical expedients are available under both the methods.

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ending or ended March 31, 2019 and March 31, 2018 will not be retrospectively adjusted.

The effect of adoption as on transition date would be an increase in Right of use asset in the range of ₹380 crores to ₹450 crores, an increase in lease liability by ₹410 crores to ₹480 crores. The Company has elected certain available practical expedients on transition.

b. Ind AS 12 Appendix C - Uncertainty over Income Tax Treatments: On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 12 Appendix C - Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or Company of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.

c. Amendment to Ind AS 12 - Income taxes: On March 30, 2019, the MCA issued amendments to the guidance in Ind AS 12 - Income Taxes, in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall reconize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally reconized those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

d. Amendment to Ind AS 19 - Plan amendment, curtailment or settlement : On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19 - Employee Benefits, in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to reconize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously reconized because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is evaluating the effect of this amendment on the standalone financial statements and the impact is not expected to be material.

2.1 Property, plant and equipment

Accounting policy

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
Leasehold improvements	Over the lease term

[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.

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

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

Impairment

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

If such assets are considered to be impaired, the impairment to be recognized in 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.

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 Group'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 reconized in the Statement of Profit and Loss and is not reversed in the subsequent period.

The changes in the carrying value of property, plant and equipment are as follows:

In ₹ crore

Particulars	Land-leasehold [1]	Buildings	Leasehold improvement	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as at April 1, 2018	12	153	114	59	113	270	66	787
Additions	–	1	6	2	2	47	4	62
Deletions	–	–	(2)	–	(4)	(9)	(3)	(18)
Gross carrying value as at March 31, 2019	12	154	118	61	111	308	67	831

Particulars	Land-leasehold (1)	Buildings	Leasehold improvement	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Accumulated depreciation as at April 1, 2018	1	61	77	37	104	201	57	538
Depreciation	–	6	18	8	4	41	6	83
Accumulated depreciation on deletions	–	–	(2)	–	(4)	(9)	(3)	(18)
Accumulated depreciation as at March 31, 2019	1	67	93	45	104	233	60	603
Carrying value as at March 31, 2019	11	87	25	16	7	75	7	228
Carrying value as at April 1, 2018	11	92	37	22	9	69	9	249

The changes in the carrying value of property, plant and equipment are as follows:

In ₹ crore

Particulars	Land-leasehold (1)	Buildings	Leasehold improvement	Plant and machinery (2)	Office equipment	Computer equipment	Furniture and fixtures	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

(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.

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 is as follows;

In ₹ crore

Particulars	Years ended March 31,	
	2019	2018
Rental Income	3	3

2.2 Investments

In ₹ crore

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current investments		
Equity instruments of subsidiaries	582	569
Non-convertible debentures	210	346
Fixed maturity plan securities	57	53
Total non-current investments	849	968
Current investments		
Liquid mutual fund units	70	38
Government bonds	6	–
Certificates of deposit	359	368
Non-convertible debentures	100	52
Total current investments	535	458
Total carrying value	1,384	1,426

In ₹ crore, except as otherwise stated

Particulars	As at March 31, 2019	As at March 31, 2018
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	20	7
	582	569
Quoted		
Investments carried at fair value through other comprehensive income		
Non-convertible debentures (Refer to Note 2.2.3)	210	346
	210	346
Investments carried at fair value through profit or loss		
Fixed maturity plan securities (Refer to Note 2.2.4)	57	53
	57	53
Total Non-current investments	849	968
Current investments		
Unquoted		
Investments carried at fair value through profit or loss		
Liquid mutual fund units (Refer to Note 2.2.1)	70	38
	70	38
Investments carried at fair value through other comprehensive income		
Certificates of deposit (Refer to Note 2.2.5)	359	368
	359	368
Quoted		
Investments carried at amortized cost		
Government bonds (Refer to Note 2.2.2)	6	–
	6	–
Investments carried at fair value through other comprehensive income		
Non-convertible debentures (Refer to Note 2.2.3)	100	52
	100	52
Total current investments	535	458
Total investments	1,384	1,426
Aggregate amount of quoted investments	373	451
Market value of quoted investments (including interest accrued thereon)	371	451
Aggregate amount of unquoted investments	1,011	975

Particulars	As at March 31,	
	2019	2018
Investment carried at cost	582	569
Investment carried at amortized cost	6	–
Investment carried at fair value through other comprehensive income	669	766
Investment carried at fair value through profit or loss	127	91

Refer to Note 2.8 for accounting policies on financial instruments.

Details of amounts recorded in other comprehensive income:

In ₹ crore

Particulars	Years ended March 31,					
	2019			2018		
	Gross	Tax	Net	Gross	Tax	Net
Net gain/ (loss) on						
Certificates of deposit	–	–	–	–	–	–
Non convertible debentures	1	–	1	(2)	–	(2)

Method of fair valuation

In ₹ crore

Class of investment	Method	Fair value as at	
		March 31, 2019	March 31, 2018
Non-convertible debentures	Quoted price and market observable inputs	310	398
Fixed maturity plan securities	Market observable inputs	57	53
Liquid mutual fund units	Quoted price	70	38
Certificates of deposit	Market observable inputs	359	368

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, 2019		As at March 31,2018	
	Units	Amount	Units	Amount
Aditya Birla Sun Life Cash Plus -Growth -Direct Plan	13,32,847	40	13,62,562	38
HDFC Liquid Fund-Direc Plan- Growth Option	40,821	15	–	–
IDFC Corporate Bond - Fund Direct Plan	1,19,02,495	15	–	–
	1,32,76,163	70	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, 2019		As at March 31, 2018	
	Units	Amount	Units	Amount
Philippine T Bill PHY6972HAZ92 Mat Date May 29, 2019	–	6	–	–
	–	6	–	–

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, 2019		As at March 31, 2018	
	Units	Amount	Units	Amount
	Units	Amount	Units	Amount
8.60% Life Insurance Corporation Housing Finance Limited Jul 22, 2020	1,000	106	1,000	107
8.60% Life Insurance Corporation Housing Finance Limited Jul 29, 2020	350	37	350	37
8.50% Housing Development Finance Corporation Limited Aug 31, 2020	–	–	50	54
8.49% Housing Development Finance Corporation Limited Apr 27, 2020	–	–	900	49
8.66% Infrastructure Development Finance Company Bank Limited Dec 27, 2018	–	–	400	52
8.80% Life Insurance Corporation Housing Finance Limited Dec 24, 2020	650	67	–	–
7.78% Housing Development Finance Corporation Ltd Mar 24, 2020	100	100	100	99
	2,100	310	2,800	398

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, 2019		As at March 31, 2018	
	Units	Amount	Units	Amount
ICICI FMP Series 80-1194 D Plan F Div	1,50,00,000	17	1,50,00,000	16
Reliance Fixed Horizon Fund-XXXII Series 8-Dividend Plan	1,50,00,000	16	1,50,00,000	15
HDFC FMP 1155D Feb 2017-Direct Growth Series 37	1,00,00,000	12	1,00,00,000	11
Birla Sunlife Fixed Term Plan-Series OD (1145 days)	1,00,00,000	12	1,00,00,000	11
	5,00,00,000	57	5,00,00,000	53

2.2.5 Details of investments in certificate of deposits

The balances held in certificte of deposits are as follows:

In ₹ crore

Particulars	As at March 31, 2019		As at March 31, 2018	
	Units	Amount	Units	Amount
Kotak Mahindra Bank Limited CD 27 Sep 19	27,000	261	–	–
Axis Bank Limited CD 9 Aug 19	10,000	98	–	–
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
	37,000	359	39,000	368

2.3 Loans

In ₹ crore

Particulars	As at March 31,	
	2019	2018
Non-current		
Unsecured, considered doubtful		
Loans to employees	5	4
Less: Allowance for doubtful loans to employees	5	4
Total non-current loans	–	–
Current		
Unsecured, considered good		
Loans to employees	19	18
Total current loans	19	18
Total loans	19	18

2.4 Other financial assets

In ₹ crore

Particulars	As at March 31,	
	2019	2018
Non- current		
Security deposits (1)	3	2
Rental deposits (1)	31	29
Total non-current other financial assets	34	31
Current		
Security deposits (1)	–	1
Rental deposits (1)	–	3
Restricted deposits(1)**	98	81
Unbilled revenues(1)(3)*	127	55
Interest accrued but not due (1)	37	19
Foreign currency forward contracts (2)	14	–
Others (1)(3)	1	5
Total current other financial assets	277	164
Total other financial assets	311	195
(1) Financial assets carried at amortized cost	297	195
(2) Financial assets carried at fair value through Profit or Loss	14	–
(3) Includes dues from holding company, subsidiaries & other group companies (Refer note 2.22)	7	11

* Classified as financial asset as right to consideration is conditional upon passage of time.

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

2.5 Trade receivables

In ₹ crore

Particulars	As at March 31,	
	2019	2018
Current		
Unsecured		
Considered good(1)(2)	715	569
Considered doubtful	15	8
	730	577
Less: Allowances for credit losses	15	8
Total trade receivables	715	569
(1) Includes dues from companies where directors are interested		
(2) Includes dues from holding company, subsidiaries, and other group companies (Refer to Note 2.22)	60	59

2.6 Cash and cash equivalents

In ₹ crore

Particulars	As at March 31,	
	2019	2018
Balances with banks		
In current and deposit accounts	1,154	692
Cash on hand	–	–
Others		
Deposits with financial institution	683	611
	1,837	1,303
Deposit with more than 12 months maturity	400	–

Cash and cash equivalents as at March 31, 2019 and March 31, 2018 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,	
	2019	2018
In current accounts		
Bank of America, California, USA	11	24
Bank of America, California- Trust account, USA*	–	–
Bank of Philippine Islands, Philippines	–	1
Citibank, Philippines	–	–
Citi Bank, South Africa	1	1
Citi Bank, Costa Rica	1	1
Citi Bank, Singapore	2	1
Citi Bank, Australia	3	6
Citi Bank, India	–	–
Deutsche Bank, India	4	4
Deutsche Bank- EEFC (Euro account)	4	1
Deutsche Bank- EEFC (UK Pound Sterling account)	1	1
Deutsche Bank- EEFC (US Dollar account)	6	5
Deutsche Bank, Netherland	11	5
Deutsche Bank, London, UK	3	1
Deutsche Bank, Philippines (PHP account)	3	10
Deutsche Bank, Philippines - (USD account)	1	3
ICICI Bank, India	7	3
ICICI Bank- EEFC (Euro account)	7	1
ICICI Bank- EEFC (UK Pound Sterling account)	6	11
ICICI Bank- EEFC (US Dollar account)	13	29
Royal Bank of Canada	1	1
State Bank of India, India	–	1
	85	110
In deposit accounts		
Axis Bank	225	–
HDFC Bank limited	50	75
ICICI Bank	21	7
IDFC Bank	350	–
IDBI Bank	–	250
IndusInd Bank Limited	250	–
South Indian Bank	173	250
	1,069	582
In unclaimed dividend accounts		
ICICI Bank - Unpaid Dividend Account	–	–
	–	–

In ₹ crore

Particulars	As at March 31,	
	2019	2018
Deposits with financial institution		
HDFC Limited	458	611
LIC Housing Finance Limited	225	–
	683	611
Total cash and cash equivalents	1,837	1,303

* 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, 2019	March 31, 2018
Non-current		
Capital advances	1	1
Advances other than capital advance		
Prepaid gratuity	4	5
Others		
Prepaid expenses	1	–
Deferred contract cost**	51	–
Withholding taxes and others***	20	21
Total non-current other assets	77	27
Current		
Advances other than capital advance		
Payment to vendors for supply of goods	10	9
Others		
Prepaid expenses	17	6
Deferred contract cost**	7	–
Withholding taxes and others***	48	29
Unbilled revenues*	11	–
Others	–	–
Total current other assets	93	44
Total other assets	170	71

*Classified as non financials asset as contractual right to consideration is dependent on completion of contractual milestones.

**Deferred contract costs are upfront costs incurred for the contract and are amortized over the term of the contract. Cost which are expected to be amortized within twelve months from the Balance Sheet date have been presented as current.

***Withholding and the other taxes primarily consists of input tax credit.

2.8 Financial instruments

Accounting policy

2.8.1 Initial recognition

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

2.8.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

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

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

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

2.8.3 Derecognition of financial instruments

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

2.8.4 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 financial instruments by category table below for the disclosure on carrying value and fair value on 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.

2.8.5 Impairment

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 reconized is recognized as an impairment gain or loss in Statement of Profit and Loss.

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at March 31, 2019 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)	1,837	–	–	–	–	1,837	1,837
Investments (Refer to Note 2.2)							
Non-convertible debentures[1]	–	–	–	–	310	310	310
Government bonds	6	–	–	–	–	6	6
Liquid mutual fund units	–	–	70	–	–	70	70
Fixed maturity plan securities	–	–	57	–	–	57	57
Certificates of deposit	–	–	–	–	359	359	359
Trade receivables (Refer to Note 2.5)	715	–	–	–	–	715	715
Loans (Refer to Note 2.3)	19	–	–	–	–	19	19
Other financial assets (Refer to Note 2.4)[2]	297	–	14	–	–	311	311
Total	2,874	–	141	–	669	3,684	3,684
LIABILITIES:							
Trade payables (Refer to Note 2.11)	72	–	–	–	–	72	72
Other financial liabilities (Refer to Note 2.10)	345	–	1	–	–	346	346
Total	417	–	1	–	–	418	418

(1) The carrying value of debentured approximates fair value as the instruments are at prevailing market rates.

(2) Excludes unbilled revenue of fixed price development contract where contractual right to consideration is dependent on factors other than passage of time.

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)							

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		
Non-convertible debentures[(1)]	–	–	–	–	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	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	382

(1) The carrying value of debentured approximates fair value as the instruments are at prevailing market rates.

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 presents fair value hierarchy of assets and liabilities measured at fair value are as follows:

In ₹ crore

Particulars	As at March 31, 2019	Fair value measurement at end of the reporting period/ year using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units (Refer to Note 2.2)	70	70	–	–
Investment in non-convertible debentures (Refer to Note 2.2)	310	167	143	–
Investment in fixed maturity plan securities (Refer to Note 2.2)	57	–	57	–
Investment in certificates of deposit (Refer to Note 2.2)	359	–	359	–
Derivative financial instruments - Gain on outstanding foreign currency forward contracts (Refer to Note 2.4)	14	–	14	–
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward contracts (Refer to Note 2.10)	1	–	1	–

The fair-value hierarchy of assets and liabilities measured at fair value as at March 31, 2018:

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 plan securities (Refer to Note 2.2)	53	–	53	–
Investment in certificates of deposit (Refer to Note 2.2)	368	–	368	–
Investment in liquid mutual fund units (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.

Financial risk management

Financial risk factors

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

Market risk

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

The foreign currency risk from monetary assets and liabilites as at March 31, 2019:

In ₹ crore

Particulars	US Dollar	Euro	United Kingdom Pound Sterling	Australian Dollar	Other currencies	Total
Cash and cash equivalents	30	22	10	3	7	72
Trade receivables	498	48	83	44	10	683
Other financial assets (including loans)	121	13	8	6	8	156
Trade payables	(31)	(1)	(7)	(2)	(3)	(44)
Other financial liabilities	(93)	(17)	(10)	(11)	(23)	(154)
Net assets / (liabilities)	525	65	84	40	(1)	713

The foreign currency risk from monetary assets and liabilities 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

Sensitivity analysis between Indian Rupees and US Dollars

Particulars	Years ended March 31,	
	2019	2018
Impact on the Company's incremental operating margins	0.38%	0.44%

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 in respect of outstanding foreign exchange forward contracts are as follows:

Particulars	Years ended March 31,			
	2019		2018	
	In million	In ₹ crore	In million	In ₹ crore
Forward contracts				
In US Dollars	83	574	59	385
In Euro	5	39	–	–
In United Kingdom Pound Sterling	10	90	6	51
In Australian Dollars	8	37	5	25
Total forwards		740		461

The foreign exchange forward contracts mature within twelve months. The analysis of 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,	
	2019	2018
Not later than one month	351	134
Later than one month and not later than three months	389	203
Later than three months and not later than one year	–	124
	740	461

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 are as follows:

In ₹ crore

Particulars	As at March 31,			
	2019		2018	
	Derivative financial asset	Derivative financial liability	Derivative financial asset	Derivative financial liability
Gross amount of recognized financial asset/ liability	14	(1)	–	2

Particulars	As at March 31,			
	2019		2018	
	Derivative financial asset	Derivative financial liability	Derivative financial asset	Derivative financial liability
Amount set off	–	–	–	–
Net amount presented in the Balance Sheet	14	(1)	–	2

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 ₹715 crore and ₹569 crore as March 31, 2019 and March 31, 2018, respectively and unbilled revenue amounting to ₹138 crore and ₹55 crore as at March 31, 2019 and March 31, 2018, 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 details in respect of percentage of revenues generated from top customer and top ten customers are as follows:

(In %)

Particulars	Years ended March 31,	
	2019	2018
Revenue from top customer	8%	6%
Revenue from top ten customers	40%	39%

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances is ₹6 crore and Nil for the year ended March 31, 2019 and March 31, 2018, respectively.

In ₹ crore

Particulars	Years ended March 31,	
	2019	2018
Balance at the beginning	8	8
Provisions recognized / (reversed)	6	–
Write-offs	–	–
Translation differences	1	–
Balance at the end	15	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. Investment primarily include investment in liquid mutual fund units, fixed maturity plan securities, quoted bonds issued by the government and quasi government organizations, non convertible debentures issued by government aided institutions and certificates of deposit.

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, 2019 , the Company had a working capital of ₹2,673 crore including cash and cash equivalents of ₹1,837 crore and current investments of ₹535 crore. 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, 2019 and March 31, 2018, the outstanding compensated absences were ₹81 crore and ₹72 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, 2019:

In ₹ crore

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	72	–	–	–	72
Other financial liabilities (Refer to Note 2.10)	346	–	–	–	346

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

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

2.9 Equity

Accounting policy

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.

I) Equity share capital

In ₹ crore, except as otherwise stated

Particulars	As at March 31,	
	2019	2018
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 up		
(Of the above 3,38,22,319 equity shares are held by the holding company, Infosys Limited)	34	34
	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.

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.

II) Other equity

In ₹ crore, except as otherwise stated

Particulars	As at March 31,	
	2019	2018
i) Other reserves		
Others		
Securities premium[1]	25	25
Capital reserve	1	1
ii) Special economic zone re-investment reserve[2]	90	24
	116	50

[1] The amount received in excess of par value has been classified as securities premium

[2] 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.

Dividends

Accounting policy

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.

The Company declares and pays dividends in Indian rupees.

During the year ended March 31, 2018, the Company paid 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,			
	2019		2018	
	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

Share Capital and number of shares remain same for the periods reported.

2.10 Other financial liabilities

(In ₹ crore)

Particulars	As at March 31,	
	2019	2018
Non-current		
Others		
Compensated absences	1	1
Total non-current other financial liabilities	1	1
Current		
Unclaimed Dividend	–	–
Others		
Accrued compensation to employees	171	132
Accrued expenses [1]	141	132
Retention monies	–	–
Compensated absences	80	71
Client deposits	–	1
Capital creditors	10	2
Other payables [2]	23	12

Particulars	As at March 31,	
	2019	2018
Foreign currency forward contracts	1	2
Total current other financial liabilities	426	352
Total other financial liabilities	427	353
Financial liability carried at amortized cost	345	351
Financial liability carried at fair value through Profit or Loss	1	2
(1) Includes dues to holding company (Refer to Note 2.22)	2	–
(2) Includes dues to holding, subsidiaries and other group companies (Refer to Note 2.22)	6	8

2.11 Trade payables

(In ₹ crore)

Particulars	As at March 31,	
	2019	2018
Current		
Trade payables[1]	72	29
	72	29
(1) Includes dues to holding, subsidiaries and other group companies (Refer to Note 2.22)	22	15

As at March 31, 2019 and March 31, 2018, there are no dues to micro, small and medium enterprises. There are no interest dues or outstanding on the same.

2.12 Other liabilities

(In ₹ crore)

Particulars	As at March 31,	
	2019	2018
Non-current		
Deferred rent	10	9
Total non-current other liabilities	10	9
Current		
Unearned revenue	184	71
Others		
Withholding taxes and others	70	39
Deferred rent	2	4
Client deposits	5	–
Total current other liabilities	261	114
Total other liabilities	271	123

2.13 Provisions

Accounting policy

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.

The provision for post sales client support and others as at March, 31 2019 and March, 31 2018 is as follows:

(In ₹ crore)

Particulars	As at March 31,	
	2019	2018
Others		
Post-sales client support and others	28	22
	28	22

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,	
	2019	2018
Balance at the beginning	22	28
Provision reconized/ (reversed)	14	6
Provision utilized	(8)	(11)
Exchange difference	–	(1)
Balance at the end	28	22

Provision for post-sales client support and others are expected to be utilized over a period of six months to one year

2.14 Income taxes

Accounting policy

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 securities premium.

Income tax expense in the statement of profit and loss comprises:

In ₹ crore

Particulars	Years ended March 31,	
	2019	2018
Current taxes	195	182
Deferred taxes	(8)	(9)
Income tax expense	187	173

Current tax expense for the year ended March 31, 2019 and March 31, 2018 includes reversal (net of additional provisions) of ₹6 crore and ₹2 crore respectively, pertaining to earlier periods.

Current tax expense for the year ended March 31, 2019 and March 31, 2018 includes MAT credit of ₹4 crore and Nil, respectively, pertaining to earlier periods.

Entire deferred income tax for the year ended March 31, 2019 and March 31, 2018 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,	
	2019	2018
Profit before income taxes	783	642
Enacted tax rates in India	34.94%	34.61%
Computed expected tax expense	274	223
Tax effect due to non-taxable income for Indian tax purposes	(75)	(53)
Overseas taxes	11	5
Tax reversals, overseas and domestic	(10)	(2)
Effect of deferred tax assets reversal/ (origination)	–	–
Effect of exempt non-operating income	–	–
Effect of unreconized deferred tax asset	–	–
Effect of differential overseas tax rates	–	–
Effect of non-deductible expenses	(6)	(2)
Tax on dividend received from subsidiaries	–	–
Additional deduction on research and development expense	–	–
Others	(7)	2
Income tax expense	187	173

The applicable Indian statutory tax rates for fiscal 2019 and fiscal 2018 is 34.94% and 34.61% respectively. The increase in the corporate statutory tax rate to 34.94% is consequent to change made in Finance Act, 2018.

In India, the Group has benefited from certain tax incentives that the Government of India had provided for export of services from the units registered under the Special Economic Zones (SEZs) Act, 2005. SEZ units, which began the provision of services on or after April1, 2005, are eligible for a deduction of 100% 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% of such profits or gains for further five years. Upto 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 Group 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 ₹ crore

Particulars	As at March 31,	
	2019	2018
Income tax assets	96	77
Current income tax liabilities	(16)	(12)
Net income tax assets/ (liability) at the end	80	65

The gross movement in the current income tax asset/ (liability) for the year ended March 31, 2019 and March 31, 2018 is as follows:

In ₹ crore

Particulars	Years ended March 31,	
	2019	2018
Net income tax asset/ (liability) at the beginning	65	51
Translation differences	–	1
Income tax paid	208	194
Income tax expense	(199)	(182)
MAT credit utilization	4	–
Income tax on other comprehensive income	2	1
Net income tax asset/ (liability) at the end	80	65

The movement in gross deferred income tax assets and labilities for the year ended March 31, 2019 is as follows:

Particulars	Carrying value as on March 31, 2018	Changes through profit and loss	Changes through OCI	Translation difference	Carrying value as on March 31, 2019
Deferred income tax assets					
Property, plant and equipment	22	7	–	–	29
Compensated absences	20	3	–	–	23
Trade receivables	3	2	–	–	5
Post sales client support	–	–	–	–	–
Derivative Financial Instruments	–	(5)	–	–	(5)
Others	5	1	–	–	6
Total deferred tax assets	50	8	–	–	58

The movement in gross deferred income tax assets and labilities is as follows:

Particulars	Carrying value as on March 31, 2017	Changes through profit and loss	Changes through OCI	Translation difference	Carrying value as on March 31, 2018
Deferred income tax assets					
Property, plant and equipment	16	6	–	–	22
Compensated absences	18	2	–	–	20
Trade receivables	6	(3)	–	–	3
Post sales client support	–	–	–	–	–
Derivative Financial Instruments	–	–	–	–	–
Others	1	4	–	–	5
Total deferred tax assets	41	9	–	–	50

Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

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

The gross movement in the deferred income tax account for the year ended March 31, 2019 and March 31, 2018 is as follows:

In ₹ crore

Particulars	Years ended March 31,	
	2019	2018
Net deferred income tax asset at the beginning	50	41
Credits / (charge) relating to temporary differences	8	9
Net deferred income tax asset at the end	58	50

The credits relating to temporary differences during the year ended March 31, 2019 are primarily on account of property, plant and equipment, compensated absences, and others partially offset by reversal of credits pertaining to derivative financial instruments.

2.15 Revenue from operations

Accounting policy

The Company derives revenues primarily from business process management services. Revenue is recognized upon transfer of services to customers in an amount that reflects the consideration we expect to receive in exchange for those services.

Effective April 1, 2018, the Company adopted Ind AS 115 - Revenue from Contracts with Customers using the cumulative catch-up transition method applied to contracts that were not completed as of April 1, 2018.

The summary of new and revised significant accounting policies related to revenue recognition are as follows. Refer to Note 1.5 - Significant Accounting Policies in the Company's 2018 Annual Report for the policies in effect for revenue prior to April 1, 2018. The effect on adoption of Ind AS 115 was insignificant.

Arrangements with customers for business process management services are either on a 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 invoicing to the reporting date is recognized as unbilled revenue. Revenues in excess of invoicing are classified as unbilled revenue while invoicing in excess of revenues are classified as Unearned Revenues. Revenue from fixed-timeframe contract is recognized ratably over the term of the underlying arrangement as the Company transfers control evenly during the execution of its project.

Advances received for business process management services are reported as liabilities until all conditions for revenue recognition are met.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discounts/ incentives amount to each of the underlying performance obligation that corresponds to the 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. Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

The Company presents revenues net of indirect taxes in its Statement of Profit and Loss.

Revenue from operations for the and year ended March 31, 2019 and March 31, 2018 is as follows:

In ₹ crore

Particulars	Years ended March 31,	
	2019	2018
Income from business process management services	3,932	3,061
	3,932	3,061

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2019 by offerings and contract-type. The Company believe that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

Particulars	Years ended March 31, 2019
Revenue by offerings	
Core	3,548
Digital	384
Total	3,932
Revenues by contract type	
Fixed Price	1,022
Time & Materials	2,910
Total	3,932

Digital services

Digital Services comprise of service and solution offerings of Infosys BPM that enable our clients to digitally transform their business processes. These include offerings that enhance customer experience through innovative operating models (business platforms), provide business insights that drive improved business outcomes (effectiveness), automate and help accelerate efficiency and productivity and services that assure compliance (such as Sox, GDPR). These solutions leverage AI-based analytics, web-based automation, digital interactive solutions, robotic process automation and platform based technologies.

Core services

Infosys BPM is the business process management subsidiary of Infosys, providing end-to-end business processing services for its clients across the globe. Core service offerings are in the areas of Industry-specific services (Example: Mortgage, claim-processing, etc.) and Enterprise Services (Example: Finance and accounting, HR, Supply services, etc.)

Trade receivables and contract balances

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time .

Revenue recognition for fixed price development contracts is based on percentage of completion method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones. Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

The movement in unbilled revenue on fixed price development contracts is as follows:

(In ₹ crore)

Particulars	Years ended March 31, 2019
Balance at the beginning	4
Add : Revenue recognized during the period	11
Less : Invoiced during the period	(4)
Less : Impairment / (reversal) during the period	–
Add : Translation gain/(Loss)	–
Balance at the end	11

The movement in unearned revenue balances is as follows:

(In ₹ crore)

Particulars	Years ended March 31, 2019
Balance at the beginning	71
Less: Revenue recognized during the period	(33)
Add: Invoiced during the period but not recognized as revenues	144
Add: Translation loss/ (gain)	3
Balance at the end	184

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as of March 31, 2019 other than those meeting the exclusion criteria mentioned above, is ₹2,439 crore. Out of this, the Company expects to recognize revenue of around 29.07% within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

The impact on account of applying the erstwhile Ind AS 18 Revenue instead of Ind AS 115 - Revenue from contract with customers on the financial results of the Company for the year ended March 31, 2019 is insignificant. On account of adoption of Ind AS 115, unbilled revenues of ₹11 crore as at March 31, 2019 has been considered as a non financial asset.

2.16 Other income, net

Accounting policy

2.16.1 Other Income

Other income is comprised primarily of 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.

2.16.2 Foreign currency

a. 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).

b. 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.

During the three months ended June 30, 2018, the Company has adopted Appendix B to Ind AS 21 - Foreign Currency Transactions and Advance Consideration, which clarifies the date of 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. The effect on account of adoption of this amendment was insignificant.

Other income is as follows:

In ₹ crore

Particulars	Years ended March 31,	
	2019	2018
Interest received on financial assets carried at amortized cost		
Government bonds	–	–
Deposit with banks and others	102	119
Interest Income on financial assets carried at fair value through other comprehensive income		
Non-convertible debentures	26	26
Certificates of deposit	38	14
Income on investments carried at fair value through profit or loss		
Dividend income on liquid mutual funds units	–	1
Gains/(losses) on sale of certificates of deposit	–	–
Gains/losses) on sale of non-convertible debentures	–	–
Gains/(losses) on liquid mutual funds units	17	20
Profit/(loss) on sale of property, plant and equipment	1	1
Rental income from holding company	3	3
Exchange gains/(losses) on foreign currency forward contracts	7	9
Exchange gains/(losses) on translation of other assets and liabilities	4	1
Miscellaneous income, net*	27	25
	225	219

*Includes sale of duty scrips of ₹ 25 crore for the year ended March 31, 2019 (₹ 23 crores for year ended March 31, 2018).

2.17 Expenses

In ₹ crore

Particulars	Years ended March 31,	
	2019	2018
Employee benefit expenses		
Salaries including bonus	2,309	1,779
Contribution to provident and other funds	93	81
Staff welfare	32	28
	2,434	1,888
Cost of technical sub-contractors and Professional charges		
Cost of technical sub-contractors	246	165
Legal and professional	33	22
Recruitment and training	23	23
	302	210
Other expenses		
Consumables	7	4
Brand building and advertisement	6	3
Marketing expenses	4	3
Rates and taxes	6	8
Contribution towards Corporate Social Responsibility (Refer to Note 2.24)	16	13
Communication expenses	51	65
Power and fuel	29	25
Repairs and maintenance	94	79
Bank charges and commission	2	5
Postage and courier	–	–
Impairment loss reconized/(reversed) under expected credit loss model	6	–
Professional membership and seminar participation fees	1	1
Provision for doubtful loans and advances	2	1
Provision for post sales client support and others	6	–
Cost of software for own use	40	30
Insurance	4	4
Auditor's remuneration		
Statutory audit fees	1	–
Reimbursement of expenses	–	–

Particulars	Years ended March 31,	
	2019	2018
Others	4	1
	279	242

2.18 Leases

Accounting policy

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.

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,	
	2019	2018
Lease rentals recognized during the period	115	96

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,	
	2019	2018
Not later than 1 year	86	64
Later than 1 year and not later than 5 years	235	154
Later than 5 years	25	21

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.

2.19 Employee benefits

Accounting policy

2.19.1 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 re-measurements 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.

2.19.2 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.

2.19.3 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.

2.19.4 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.

2.19.5 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.

(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,	
	2019	2018
Change in benefit obligations		
Benefit obligations at the beginning	78	66
Service cost	11	10
Interest expense	6	4
Acquisitions (credit)/cost	(1)	–
Remeasurements - Actuarial (gains)/ losses	8	5
Benefits paid	(8)	(7)
Benefit obligations at the end	94	78
Change in plan assets		
Fair value of plan assets at the beginning	83	75

Particulars	As at March 31,	
	2019	2018
Interest income	7	5
Acquisitions adjustment	(1)	(1)
Actuarial gain/(loss)	–	–
Return on plan assets greater/ (lesser) than discount rate	1	1
Contributions	16	10
Benefits paid	(8)	(7)
Fair value of plan assets at the end	98	83
Funded status	4	5
Prepaid gratuity asset	4	5

The amount for the years ended March 31, 2019 and March 31, 2018 recognized in the Statement of Profit and Loss under employee benefit expenses are as follows:

In ₹ crore

Particulars	Years ended March 31,	
	2019	2018
Service cost	11	10
Net interest on the net defined benefit liability/(asset)	(1)	(1)
Net gratuity cost	10	9

The amount for the year ended March 31, 2019 and March 31, 2018 recognized in the Statement of Other Comprehensive Income are as follows:

In ₹ crore

Particulars	Years ended March 31,	
	2019	2018
Remeasurements of the net defined benefit liability/ (asset)		
Actuarial (gains) / losses	8	5
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	(1)	(1)
	7	4

In ₹ crore

Particulars	Years ended March 31,	
	2019	2018
(Gain)/loss from change in demographic assumptions	–	–
(Gain)/loss from change in financial assumptions	1	(1)
(Gain)/loss from change in experience assumptions	7	6
	8	5

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

Particulars	As at March 31,	
	2019	2018
Discount rate	7.1%	6.9%
Weighted average rate of increase in compensation levels	7.5%	7.5%

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

Particulars	Years ended March 31,	
	2019	2018
Discount rate	7.1%	6.9%
Weighted average rate of increase in compensation levels	7.5%	7.5%
Weighted average duration of defined benefit obligation	5.9 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.

Sensitivity of significant assumptions used for valuation of defined benefit obligations

In ₹ crore

Impact of percentage point increase/decrease in	As at March 31, 2019
Discount rate	2
Weighted average rate of increase in compensation level	2

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 BPM Limited Employees' Gratuity Fund Trust. Trustees administer contributions made to the trust. As of March 31, 2019 and March 31, 2018, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the year ended March 31, 2019 and March 31, 2018 were ₹ 7 crore and ₹ 6 crore, respectively.

Maturity profile of defined benefit obligation:

In ₹ crore

Within 1 year	29
1-2 year	25
2-3 year	23
3-4 year	20
4-5 year	18
5-10 years	48

(b) Superannuation

The Company contributed ₹6 crore to the Superannuation Trust for the year ended March 31, 2019 (₹5 crore for the year ended March 31, 2018).

(c) Provident fund

The Company contributed ₹72 crore towards Provident Fund for the year ended March 31, 2019 (₹65 crore for the year ended March 31, 2018).

(d) Pension fund

The Company contributed ₹9 crore to pension funds for the year ended March 31, 2019 (₹5 crore for the year ended March 31, 2018).

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

Accounting policy

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.

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

In ₹ crore

Particulars	As at March 31,	
	2019	2018
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

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

In ₹ crore

Particulars	As at March 31,	
	2019	2018
Contingent liabilities		
Claims against the Company, not acknowledged as debts[1]	134	175
[Amount paid to statutory authorities ₹64 crore (₹65 crore)]		
Commitments		
Estimated amount of contacts remaining to be executed on capital contracts and not provided for (net of advances and deposits)	36	30

[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 2007, 2008, 2009, 2011, 2012, 2013 and 2015. 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.'

2.22 Related party transactions

List of related parties

Name of subsidiary companies	Country	As at March 31, 2019	As at March 31, 2018
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]	U.S.	100%	100%
Infosys McCamish Systems LLC [1]	U.S.	100%	100%
Portland Group Pty Ltd[1]	Australia	100%	100%
Fellow subsidiaries			
Infosys Technologies (China) Co. Limited (Infosys China)	China		
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico		
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden		
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China		
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	Brazil		
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.		
Infosys Americas Inc., (Infosys Americas)	U.S.		
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)[5]	Australia		
EdgeVerve Systems Limited (EdgeVerve)	India		
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland		
Lodestone Management Consultants Inc.[6][15]	U.S.		
Infosys Management Consulting Pty Limited[6]	Australia		
Infosys Consulting AG[6]	Switzerland		
Infosys CIS LLC[2][22]	Russia		
Infosys Luxembourg S.a.r.l[2][17]	Luxembourg		
Infosys Canada Public Services Inc[23]	Canada		
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants Belgium) S.A[7]	Belgium		
Infosys Consulting GmbH[6]	Germany		
Infosys Consulting Pte Ltd.(Infosys Singapore)[2]	Singapore		
Infosys Consulting SAS[6]	France		
Infosys Consulting s.r.o.[7]	Czech Republic		
Infosys Austria GmbH (formerly Lodestone Management Consultants GmbH)[2]	Austria		
Infosys Consulting (Shanghai) Co., Ltd.(formerly Lodestone Management Consultants Co., Ltd)[6]	China		
Infy Consulting Company Ltd.[6]	U.K.		
Infosys Arabia Limited[4]	Saudi Arabia		
Infy Consulting B.V.[6]	The Netherlands		
Infosys Consulting Ltda.[4]	Brazil		
Infosys Consulting Sp. z.o.o.[6]	Poland		
Lodestone Management Consultants Portugal, Unipessoal, Lda.[6]	Portugal		
S.C. Infosys Consulting S.R.L.[2]	Romania		
Infosys Consulting S.R.L.[6]	Argentina		
Infosys Canada Public Services Ltd.[24]	Canada		
Infosys Nova Holdings LLC. (Infosys Nova)	U.S.		
Panaya Inc. (Panaya)	U.S.		
Panaya Ltd.[8]	Israel		
Panaya GmbH[8]	Germany		
Panaya Japan Co. Ltd.[8]	Japan		
Skava Systems Pvt. Ltd. (Skava Systems)	India		
Kallidus Inc. (Kallidus)	U.S.		
Noah Consulting LLC (Noah)[9]	U.S.		

Name of subsidiary companies	Country	As at March 31,	
		2019	2018
Noah Information Management Consulting Inc. (Noah Canada)[(10)]	Canada		
Brilliant Basics Holding Limited (Brilliant Basics)[(11)]	U.K.		
Brilliant Basics Limited[(12)]	U.K.		
Brilliant Basics MENA DMCC[(12)]	Dubai		
Infosys Chile SpA[(3)]	Chile		
Infosys Middle East FZ-LLC[(13)]	Dubai		
Fluido Oy[(13)(18)]	Finland		
Fluido Sweden AB (Extero)[(19)]	Sweden		
Fluido Norway A/S[(19)]	Norway		
Fluido Denmark A/S[(19)]	Denmark		
Fluido Slovakia s.r.o[(19)]	Slovakia		
Fluido Newco AB[(19)]	Sweden		
Infosys Compaz PTE. Ltd (formerly Trusted Source Pte. Ltd) [(13)(20)]	Singapore		
Infosys South Africa (Pty) Ltd[(13)(21)]	South Africa		
WongDoody Holding Company Inc. (WongDoody) [(14)]	U.S.		
WDW Communications, Inc[(16)]	U.S.		
WongDoody, Inc[(16)]	U.S.		

(1) Wholly-owned subsidiary of Infosys BPM
(2) Wholly-owned subsidiary of Infosys Limited
(3) Incorporated effective November 20, 2017
(4) Majority-owned and controlled subsidiary of Infosys Limited
(5) Under liquidation
(6) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(8) Wholly-owned subsidiary of Panaya Inc.
(9) Liquidated effective November 9, 2017
(10) Wholly-owned subsidiary of Noah. Liquidated effective December 20, 2017
(11) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holding Limited
(12) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(13) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(14On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
(15) Liquidated effective May 17, 2018
(16) Wholly-owned subsidiary of WongDoody
(17) Incorporated effective August 6, 2018
(18) On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
(19) Wholly-owned subsidiary of Fluido Oy
(20) On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
(21) Incorporated effective December 19,2018
(22) Incorporated effective November 29, 2018
(23) Incorporated effective November 27, 2018, wholly-owned subsidiary Infosys Public Services Inc
(24) Liquidated effective May 9, 2017, wholly-owned subsidiary Infosys Public Services Inc

List of other related parties

Name of 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, 2019	As at March 31, 2018
Capital transactions		
Equity		
Infosys BPO Americas LLC	13	–
	13	–
Trade receivables		
Infosys Limited	54	54
Infosys Poland Sp z.o.o	–	–
EdgeVerve	1	–
Infosys McCamish Systems LLC	2	2
Portland Group Pty Ltd	–	–
Infosys Public Services	1	2
Infosys Mexico	1	–
Infosys China	1	1
Infy Consulting Company Limited	–	–
	60	59
Other financial assets		
Infosys Limited	6	11
Infosys (Czech Republic) Limited s.r.o.	–	–
Infosys Mexico	–	–
EdgeVerve	1	–
Infosys McCamish Systems LLC	–	–
	7	11
Trade payables		
Infosys Limited	12	8
Infosys (Czech Republic) Limited s.r.o.	1	1
Infosys Poland Sp z.o.o	–	1
Infy Consulting Company Limited	1	3
EdgeVerve	–	–
Infosys Consulting Pte. Ltd.	–	1
Infosys McCamish Systems LLC	7	–
Portland Group Pty Ltd	–	1
Infosys Management Consulting Pty Limited	1	–
	22	15
Other financial liabilities		
Infosys Limited	6	7
EdgeVerve	–	1
Infosys McCamish Systems LLC	–	–
Infosys (Czech Republic) Limited s.r.o.	–	–
Infosys Poland Sp.z.o.o	–	–
	6	8
Accrued expense		
Infosys Limited	2	–
	2	–

The details of the related parties transactions entered into by the Company for the and year ended March 31, 2019 and March 31, 2018 are as follows:

In ₹ crore

Particulars	Years ended March 31, 2019	Years ended March 31, 2018
Capital transactions		
Equity		
Infosys BPO Americas LLC	13	–
	13	–
Revenue transactions		
Purchase of services		
Infosys Limited	101	70
Portland Group Pty Limited	6	11
Infosys McCamish Systems LLC	54	1
Infy Consulting Company Limited	9	18
Infosys Management Consulting Pty Limited	5	–
Infosys (Czech Republic) Limited s.r.o.	2	1
EdgeVerve	4	7
Infosys Poland Sp z.o.o	7	5
Infosys Consulting Pte. Ltd.	4	1
	192	114
Purchase of shared services including facilities and personnel		
Infosys Limited	27	67
	27	67
Sale of services		
Infosys Public Services	20	17
Infosys Poland Sp z.o.o	–	1
Infosys Limited	655	502
EdgeVerve	4	3
Infy Consulting Company Limited	–	1
Infosys Management Consulting Pty Limited	–	–
Infosys Mexico	1	–
Infosys China	–	–
Portland Group Pty Ltd	2	1
Infosys (Czech Republic) Limited s.r.o.	1	–
Infosys McCamish Systems LLC	30	29
	713	554
Sale of shared services includingfacilities and personnel		
Infosys Limited	3	21
	3	21
Dividend paid		
Infosys Limited	–	846
	–	846

Changes in key management personnel

The changes in key management personnel:

Name of the related party	Designation
Anantharaman Radhakrishnan	Managing Director and Chief Executive Officer
Prof. Jayanth R. Varma	Independent Director
Ravi Kumar Singisetti [5]	Chairman and Director
UB Pravin Rao [4]	Chairman and Director
Inderpreet Sawhney[8]	Director
Sangita Singh[7]	Director
D. N. Prahlad[1]	Director
Dr. Omkar Goswami[6]	Independent Director
Prem Pereira[10]	Chief Financial Officer
Nishit Ajitkumar Shah[9]	Chief Financial Officer
Bindu Raghavan [3]	Company Secretary
A. G. S. Manikantha [2]	Company Secretary

(1) Appointed as a Director effective January 6, 2017
(2) Resigned as a Company Secretary effective April 13, 2017
(3) Appointed as a Company Secretary effective April 14, 2017
(4) Resigned as Chairman effective July 17,2017
(5) Appointed as Chairman effective July 18, 2017
(6) Resigned as Director effective March 31, 2018
(7) Resigned as Director effective June 23, 2018
(8) Appointed as a director effective October 13, 2018
(9) Resigned as a Chief Financial Officer effective January 16, 2019
(10) Appointed as a Chief Financial Officer effective January 17, 2019

Transaction with key management personnel

The compensation to key managerial personnel which comprise directors and executive officers is as follows:

In ₹ crore

Particulars	Years ended March 31,	
	2019	2018
Salaries and other employee benefits to whole-time directors and executive officers	5	4
Commission and other benefits to non-executive/ independent directors	–	–
Total	5	4

2.23 Segment-reporting

The Company presents its financial statements along with the Consolidated financial statements. In accordance with Ind AS 108 - Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

2.24 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

Sl. No. 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	–	–	–
(ii) On purposes other than (iii) Above	16	–	16
	16	–	16

2.25 Function-wise classification of statement of profit and loss

In ₹ crore

Particulars	Years ended March 31, 2019	2018
Revenue from operations	3,932	3,061
Cost of sales	2,856	2,192
Gross profit	1,076	869
Operating expenses		
Selling and marketing expenses	200	166
General and administration expenses	318	280
Total operating expenses	518	446
Operating profit	558	423
Other income	225	219
Profit before tax	783	642
Tax expense		
Current tax	195	182
Deferred tax	(8)	(9)
Profit for the period	596	469
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of the net defined benefit liability/asset, net	(4)	(3)
	(4)	(3)
Items that will be reclassified to profit or loss		
Fair value changes on investments, net	1	(2)
	1	(2)
Total other comprehensive income, net of tax	(3)	(5)
Total comprehensive income for the period	593	464

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

Ravi Kumar Singisetti
Chairman and Director

Anantharaman Radhakrishnan
Managing Director and Chief Executive Officer

Inderpreet Sawhney
Director

D. N. Prahlad
Director

Prof. Jayanth R. Varma
Director

Prem Pereira
Chief Financial Officer

Bindu Raghavan
Company Secretary

Bengaluru
April 10, 2019

Infosys Poland Sp. Z.o.o

Independent Auditor's Report

To the Shareholder of Infosys Poland Spółka z ograniczoną odpowiedzialnością

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the annual financial statements of Infosys Poland Spółka z ograniczoną odpowiedzialnością (the 'Company'), which comprise the balance sheet as at March 31, 2019, 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 (the 'financial statements').

In our opinion, the accompanying financial statements:

- Give a true and fair view of the economic and financial position of the Company as at March 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with the applicable provisions of the Accounting Act of 29 September 1994 (the 'Accounting Act', Journal of Laws of 2019, item 351) and the adopted accounting policies;
- Comply, as regards their form and content, with the applicable laws and the articles of association of the Company;
- Have been prepared based on properly kept accounting records, in accordance with Section 2 of the Accounting Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') in a version adopted by the National Council of Statutory Auditors as the Polish Standards on Auditing ('PSAs') and in compliance with the Act on Statutory Auditors, Audit Firms and Public Oversight of 11 May 2017 (the 'Act on Statutory Auditors', Journal of Laws of 2017, item 1089, as amended). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the International Federation of Accountants' Code of Ethics for Professional Accountants ('IFAC Code'), adopted by resolution of the National Council of Statutory Auditors, together with the ethical requirements that are relevant to the audit of the financial statements in Poland, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IFAC Code. Throughout the audit, both the key statutory auditor and the audit firm remained independent of the Company in accordance with the independence requirements set out in the Act on Statutory Auditors.

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

Responsibilities of the Management Board for the Financial Statements

The Company's Management Board is responsible for the preparation – based on properly kept accounting records – of financial statements which give a true and fair view of the economic and financial position of the Company and of its financial performance in accordance with the provisions of the Accounting Act, the adopted accounting policies as well as the applicable laws and articles of association, and for such internal control as the Management Board 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 Board 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 Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Management Board of the Company is obliged to ensure that the financial statements meet the requirements of the Accounting Act.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs 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.

The scope of an audit does not include an assurance about the future profitability of the Company or the effectiveness or efficiency of the Management Board in managing the Company's affairs at present or in the future.

As part of an audit in accordance with PSAs, 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 Company's Management Board;
- Conclude on the appropriateness of the Company's Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the 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.

Other Information, Including the Report on the Activities

Other information includes a report on the Company's activities in the financial year ended March 31, 2019 (the 'Report on the Activities').

Other information includes a report on the Company's activities in the financial year ended March 31, 2019 (the 'Report on the Activities'), together with a non-financial information statement, as referred to in Article 49b.1 of the Accounting Act, which constitutes a separate part of the report (together: the 'Other Information').

Responsibilities of the Management Board

The Company's Management Board is responsible for the preparation of the Report on the Activities in accordance with the applicable laws.

The Management Board is obliged to ensure that the Report on the Activities, meet the requirements of the Accounting Act.

Auditor's Responsibilities

Our opinion on the financial statements does not cover the Report on the Activities. In connection with our audit of the financial statements, our responsibility is to read the Report on the Activities and, in doing so, consider whether the Report on the Activities 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 Report on the Activities, we are required to report that fact in our auditor's report. Additionally, under the Act on Statutory Auditors we are obliged to express an opinion on whether the Report on the Activities has been prepared in accordance with the applicable laws and whether it is consistent with the information contained in the financial statements. Additionally, we are obliged to state whether the Company has prepared a non-financial information statement.

Opinion on the Report on the Activities

Based on our work performed during the audit, we are of the opinion that the Report on the Activities:

- Has been prepared in accordance with Article 49 of the Accounting Act;
- Is consistent with the information contained in the financial statements.

Furthermore, 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 any material misstatements of the Report on the Activities.

The key statutory auditor on the audit resulting in this independent auditor's report is Piotr Świętochowski.

Acting on behalf of Deloitte Audyt Spółka z ograniczoną odpowiedzialnością Sp. k. with its registered seat in Warsaw, entered under number 73 on the list of audit firms, in the name of which the financial statements have been audited by the key statutory auditor:

Piotr Świętochowski

Key statutory auditor

Registered under number: 90039

Warsaw, May 21, 2019

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. The translation is issued solely for the internal use of the Company and can not be forwarded to third parties without the consent of Deloitte Audyt Sp. z o.o. Sp. komandytowa.

Management Board's Representation

As required by the Article 52.1 of the Accounting Act of 29 September 1994 (Journal of Laws of 2018 item 395), the Management Board of Infosys Poland Sp. z o.o. (the 'Company') presents these financial statements comprising:

1. Introduction to the financial statements;
2. Balance sheet prepared as at 31 March 2019 with total assets and liabilities and equity of PLN 350,799,079.45;
3. Profit and loss account for the period from 1 April 2018 to 31 March 2019, disclosing a net profit of PLN 11,723,996.68;
4. Statement of changes in equity for the period from 1 April 2018 to 31 March 2019 disclosing an increase in equity of PLN 6,204,719.15;
5. Cash flow statement for the period from 1 April 2018 to 31 March 2019 disclosing an a net cash inflow of PLN 7,881,242.10;
6. Notes.

Kapil Jain
Chairman of the Board

Anup Kapoor
Member of the Board

Sampath Narayanan
Member of the Board

Management Board
Person in charge of the accounting records

Łódź - May 21, 2019

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 1 April 2018 to 31 March 2019 and the comparative information is for the period from 1 April 2017 to 31 March 2018.

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.

In the current financial year, the Company decided to change the accounting principles in relation to services not completed as at the balance sheet date irrespective of the duration of the service. The Company decided to recognize revenues from those services using stage of completion method, provided that the stage of completion and the expected total contract costs over the entire contract period can be measured reliably. The change of rules applies only to fixed priced contracts or contracts with fixed hours. In the Company's opinion, this method is better than revenue recognition based on issued invoices, because reflects in more accurate way company's operations and results.

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 valued in the books at their purchase prices or costs incurred for their generation, 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 valued in the books at their purchase prices or costs incurred for their generation (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:

Computers	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 July 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);

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.

The 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):

Particulars	Balance Sheet	
	31.03.2019	31.03.2018
AED	1.0377	0.9244
AUD	2.7174	2.6288
CHF	3.8513	3.5812
CZK	0.1666	0.1659
EUR	4.3013	4.2085
DKK	0.5761	0.5646
GBP	4.9960	4.7974
INR	0.0554	0.0524
NOK	0.4433	0.4361
HRK	0.5789	0.5660
MXN	0.1986	0.1880
SEK	0.4130	0.4097
USD	3.8365	3.4139
ZAR	0.2639	0.2886
RON	0.9029	0.9034
SGD	2.8292	2.6064
HUF	0.0134	0.0135
RUB	0.0593	0.0594
TRY	0.6802	0.8625

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.

Kapil Jain
Chairman of the Board

Anup Kapoor
Member of the Board

Sampath Narayanan
Member of the Board

Management Board
Person in charge of the accounting records

Łódź - May 21, 2019

Balance Sheet

In PLN

Particulars	Note	31.03.2019	31.03.2018
ASSETS			
NON-CURRENT ASSETS		43,928,413.46	58,222,383.51
Property, plant and equipment	2		
Fixed assets		5,190,308.06	5,663,419.25
buildings, premises, civil engineering structures		565,998.34	563,886.46
technical equipment and machines		4,151,615.65	4,474,917.63
other fixed assets		472,694.07	624,615.16
		5,190,308.06	5,663,419.25
Long-term receivables			
Receivables from other entities		11,407,178.00	–
		11,407,178.00	–
Long-term investments	6		
Long-term financial assets		12,974,676.24	36,906,540.00
in other entities		12,974,676.24	36,906,540.00
		12,974,676.24	36,906,540.00
Long-term prepayments			
Deferred tax assets	14.4	14,356,251.16	15,652,424.26
		14,356,251.16	15,652,424.26
CURRENT ASSETS		306,870,665.99	284,992,297.85
Short-term receivables			
Receivables from related parties		985,616.13	1,621,029.39
trade receivables	3.1	985,616.13	1,621,029.39
Receivables from other entities		50,441,028.13	63,422,025.02
trade receivables	3.2	39,988,719.48	60,927,614.50
due to tax, grants, customs duty, social insurance, health insurance and other benefits	3.4	2,208,372.20	468,356.02
other	3.4	8,243,936.45	2,026,054.50
		51,426,644.26	65,043,054.41
Short-term investments			
Short-term financial assets		254,741,815.45	219,824,990.89
in related parties	4.1	43,157,865.78	20,397,070.36
in other entities	4.2	45,148,130.14	25,110,858.90
cash and other monetary assets	4.3	166,435,819.53	174,317,061.63
		254,741,815.45	219,824,990.89
Short-term prepayments	5	702,206.28	124,252.55
TOTAL ASSETS		350,799,079.45	343,214,681.36

Balance Sheet

In PLN

Particulars	Note	31.03.2019	31.03.2018
EQUITY AND LIABILITIES			
EQUITY			
Share capital			
Supplementary capital	8.1	2,500,000.00	2,500,000.00
Profit/Loss brought forward		276,103,333.02	241,336,404.63
		(5,519,277.52)	–
Net profit (loss)		11,723,996.68	34,766,928.39
		284,808,052.18	278,603,333.02
LIABILITIES AND PROVISIONS FOR LIABILITIES		65,991,027.27	64,611,348.33
Provisions for liabilities			
Deferred tax liability	14.4	714,050.69	367,837.69
Provision for retirement and similar benefits	9.1	21,073,717.65	17,288,793.81
long-term		826,101.00	686,259.00
short-term		20,247,616.65	16,602,534.81
Other provisions		3,213,688.00	2,563,171.00
short-term	9.2	3,213,688.00	2,563,171.00
		25,001,456.34	20,219,802.50
Short-term liabilities			
To related parties		278,426.04	1,082,707.38
trade liabilities	10.1	278,426.04	1,082,707.38
To other entities		22,008,977.64	21,708,806.45
other financial liabilities	9.4	548,900.00	51,200.00
trade liabilities	10.2	3,875,415.06	1,833,398.34
liabilities due to tax, customs duty, insurance and other payments	10.3	9,172,254.51	11,769,963.66
salaries and wages		8,412,408.07	8,054,244.45
Special funds		71,323.98	491,180.35
		22,358,727.66	23,282,694.18
Accruals			
Other accruals		18,630,843.27	21,108,851.65
long-term	11.1	6,990,214.89	8,343,583.77
short-term	11.2	11,640,628.38	12,765,267.88
		18,630,843.27	21,108,851.65
TOTAL EQUITY AND LIABILITIES		350,799,079.45	343,214,681.36

Kapil Jain
Chairman of the Board

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Member of the Board

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Member of the Board

Management Board
Person in charge of the accounting records

Łódź - May 21, 2019

Profit and loss account

In PLN

Particulars	Note	01.04.2018 -31.03.2019	01.04.2017 -31.03.2018
Net sales revenue and equivalent	12		
from related parties		19,663,688.02	10,388,971.76
Net revenue from sales of services		269,013,692.06	288,238,979.55
		269,013,692.06	288,238,979.55
Operating expenses			
Amortization/depreciation		(3,322,446.99)	(5,217,639.53)
Consumption of materials and energy		(752,670.56)	(791,056.64)
External services		(31,565,682.36)	(35,269,444.55)
Taxes and charges		(2,985,946.92)	(2,954,770.21)
Salaries and wages		(163,227,322.46)	(156,122,659.79)
Social security and other benefits		(33,384,593.24)	(34,807,028.38)
Other expenses		(4,379,833.89)	(4,291,895.23)
Value of goods and materials sold		(11,699.86)	(117,884.88)
		(239,630,196.28)	(239,572,379.21)
Profit on sales		29,383,495.78	48,666,600.34
Other operating revenue			
Profit from disposal of non-financial fixed assets		1,080.00	–
Revaluation of non-financial assets		–	961,542.57
Other		135,203.70	234,773.64
		136,283.70	1,196,316.21
Other operating expenses			
Revaluation of non-financial assets		–	(116,836.44)
Other		(943,483.93)	(123,171.33)
		(943,483.93)	(240,007.77)
Profit on operating activities		28,576,295.55	49,622,908.78
Financial revenue			
Interest	13	3,797,162.11	3,330,113.67
from related parties		1,071,765.41	959,049.28
Other		3,236,122.21	1,498,000.00
		7,033,284.32	4,828,113.67
Financial expenses			
Interest		(15,658.67)	(2,566,889.07)
Loss on disposal of investment		(12,818,021.95)	(1,311,289.13)
Other		(4,024,300.00)	(7,122,240.35)
		(16,857,980.62)	(11,000,418.55)
Profit on economic activities		18,751,599.25	43,450,603.90
Gross profit		18,751,599.25	43,450,603.90
Income tax	14	7,027,602.57	(8,683,675.51)
Net profit		11,723,996.68	34,766,928.39

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Łódź - May 21, 2019

Statement of Changes in Equity

In PLN

Particulars	Note	01.04.2018 -31.03.2019	01.04.2017 -31.03.2018
Opening balance of equity		278,603,333.02	243,836,404.63
Opening balance of share capital	8.1	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		241,336,404.63	187,640,238.78
Changes in supplementary capital			
increases		34,766,928.39	53,696,165.85
Profit distribution		34,766,928.39	53,696,165.85
Closing balance of supplementary capital		276,103,333.02	241,336,404.63
Opening balance of loss from previous years			
increases		(5,519,277.52)	–
change of accoulnting principles		(5,519,277.52)	–
Closing balance of loss from previous years		(5,519,277.52)	–
Net profit/loss			
net profit		11,723,996.68	34,766,928.39
Closing balance of equity		284,808,052.18	278,603,333.02
Equity, after proposed profit distribution	8.2	284,808,052.18	278,603,333.02

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Łódź - May 21, 2019

Cash Flow Statement

In PLN

Particulars	Note	01.04.2018 -31.03.2019	01.04.2017 -31.03.2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit		11,723,996.68	34,766,928.39
Total adjustments:			
Amortization/depreciation		3,322,446.99	5,217,639.53
Foreign exchange gains (losses)		(3,220,450.10)	2,686,844.11
Interest and distribution of profit (dividends)		(3,742,409.23)	(2,980,385.84)
Profit (loss) on investing activities	16.1	12,817,055.57	(1,388,300.00)
Changes in provisions		4,781,653.83	2,845,461.69
Changes in receivables		19,320,000.05	14,297,171.47
Changes in short-term liabilities, excluding loans	16.2	(1,421,666.51)	706,851.05
Changes in prepayments/accruals		(1,759,789.01)	188,631.07
Investments (in other entities)			(14,329,910.87)
Other adjustments	16.4	(5,519,277.53)	(104,900.00)
		24,577,564.06	7,139,102.21
NET CASH FROM OPERATING ACTIVITIES		36,301,560.74	41,906,030.60
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds		34,329,605.14	62,896,884.02
Disposal of intangible assets and property, plant and equipment		1,080.00	–
From financial assets, including:		34,328,525.14	61,508,584.02
in related parties		959,049.29	–
investments		–	–
interest		959,049.29	–
in other entities		33,369,475.85	61,508,584.02
proceeds from deposits maturing in more than three months		25,000,000.00	45,000,000.00
investments		5,698,832.03	14,329,910.87
interest		2,670,643.82	2,178,673.15
Other proceeds from investing activities			1,388,300.00
Payments		(79,010,107.98)	(49,041,190.68)
Acquisition of intangible assets and property, plant and equipment	16.3	(2,849,449.43)	(1,132,644.91)
For financial assets, including:		(76,160,658.55)	(47,908,545.77)
in related parties		(19,907,524.58)	(19,362,980.77)
loans		(19,907,524.58)	(19,362,980.77)
in other entities		(56,253,133.97)	(28,545,565.00)
acquisition of financial assets		(56,253,133.97)	(28,545,565.00)
NET CASH FROM INVESTING ACTIVITIES		(44,680,502.84)	13,855,693.34
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds		497,700.00	–
other		497,700.00	–
NET CASH FROM FINANCING ACTIVITIES		497,700.00	–
TOTAL NET CASH FLOWS		(7,881,242.10)	55,761,723.94
NET INCREASE IN CASH		(7,881,242.10)	55,761,723.94
OPENING BALANCE OF CASH		174,317,061.63	118,555,337.69
CLOSING BALANCE OF CASH	4.3	166,435,819.53	174,317,061.63

Kapil Jain
Chairman of the Board

Anup Kapoor
Member of the Board

Sampath Narayanan
Member of the Board

Management Board
Person in charge of the accounting records

Łódź - May 21, 2019

Notes

1. Intangible assets

Change in the balance of intangible assets

In PLN

Particulars	Goodwill	Other intangible assets	Total
Gross value			
01.04.2018	21,445,874.68	462,667.52	21,908,542.20
Increases	–		–
Decreases	–	–	–
31.03.2019	21,445,874.68	462,667.52	21,908,542.20
Amortization			
01.04.2018	(21,445,874.68)	(462,667.52)	(21,908,542.20)
Increases	–	–	–
Decreases	–	–	–
31.03.2019	(21,445,874.68)	(462,667.52)	(21,908,542.20)
Net value			
01.04.2018	–	–	–
31.03.2019	–	–	–

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				
01.04.2018	10,563,154.52	22,109,611.16	5,167,648.55	37,840,414.23
Increases	417,436.74	2,120,245.56	311,778.00	2,849,460.30
Decreases	–	(869,238.11)	(54,815.55)	(924,053.66)
31.03.2019	10,980,591.26	23,360,618.61	5,424,611.00	39,765,820.87
Accumulated depreciation				
01.04.2018	(9,999,268.06)	(17,634,693.53)	(4,543,033.39)	(32,176,994.98)
Increases	(415,324.86)	(2,443,510.30)	(463,622.70)	(3,322,457.86)
Decreases	–	869,200.87	54,739.16	923,940.03
31.03.2019	(10,414,592.92)	(19,209,002.96)	(4,951,916.93)	(34,575,512.81)
Net value				
01.04.2018	563,886.46	4,474,917.63	624,615.16	5,663,419.25
31.03.2019	565,998.34	4,151,615.65	472,694.07	5,190,308.06

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 964,5 thousand (PLN 1,113.9 thousand 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

Particulars	31.03.2019	31.03.2018
Maturing:		
Up to 12 months	985,616.13	1,621,029.39
	985,616.13	1,621,029.39
Balance of gross receivables	985,616.13	1,621,029.39
Balance of net receivables	985,616.13	1,621,029.39

3.2 Ageing analysis of short-term trade receivables from other entities

Particulars	31.03.2019	31.03.2018
Maturing:		
Up to 12 months	39,988,719.48	60,908,397.50
Over 12 months	–	19,217.00
	39,988,719.48	60,927,614.50
Balance of gross receivables	41,368,531.97	61,551,699.89
Impairment write-offs on receivables	(1,379,812.49)	(624,085.39)
Balance of net receivables	39,988,719.48	60,927,614.50

3.3 Impairment losses on short-term trade receivables

Particulars	Other entities
01.04.2018	624,085.39
Increases	1,379,812.49
Reversed	(624,085.39)
31.03.2019	1,379,812.49

3.4 Receivables from other entities

Particulars	31.03.2019	31.03.2018
due to tax, grants, customs duty, social security, health insurance and other benefits	2,208,372.20	468,356.02
VAT	939,651.91	468,356.02
CIT	1,268,720.29	
Other	8,243,936.45	2,026,054.50
	10,452,308.65	2,494,410.52
Other receivables from other entities include mainly:		
receivables from the sale of the Vertex Investment along with the valuation (short-term part)		5,703,589.9
bail for renting office space and business flats		2,400,962.2
other		139,384.3
		8,243,936.5

4. Short-term investments

4.1 Short-term financial assets in related parties

Particulars	31.03.2019	31.03.2018
Originated loans:	43,157,865.78	20,397,070.36
	43,157,865.78	20,397,070.36

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 USD 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 USD 5,000,000.00.

Under agreement dated 12 November 2018, on 15 November 2018 the Company disbursed a loan to Infosys Technologies to Brasil Ltda., a related company, of USD 5,000,000.00.

4.2 Short-term financial assets in other entities

Particulars	31.03.2019	31.03.2018
Deposits maturing in more than three months	45,148,130.14	25,005,958.90
Other short-term financial assets — forwards		104,900.00
	45,148,130.14	25,110,858.90

4.3 Cash and other monetary assets

Particulars	31.03.2019	31.03.2018
Cash in hand and at bank	10,947,029.13	13,791,090.40
Other cash	155,488,790.40	160,525,971.23
	166,435,819.53	174,317,061.63

5. Short-term prepayments

Particulars	31.03.2019	31.03.2018
Gifts/vouchers not handed out	18,870.00	4,460.00
Service contracts	337,008.98	
Accident and civil liability insurance	40,524.11	36,875.00
Subscription/access to databases	305,803.19	64,183.46
Licenses	–	–
Prepayments		22,105.71
Social Fund	–	–
Measurement		(3,371.62)
Other		
	702,206.28	124,252.55

6. Long-term investments in other entities

Particulars	31.03.2019	31.03.2018
Financial assets available for sale		
Investment in Vertex Venture	–	30,780,990.00
Tidalscale investment	12,974,676.24	6,125,550.00
	12,974,676.24	36,906,540.00

In the financial year, the investment expenditures incurred in Tidalscale have been reclassified to preference shares in accordance with the provisions of the agreement concluded on August 4, 2016. In addition, the Company purchased shares in the amount of PLN 5,502,750.00.

Under agreement dated 11 January 2019, the Company sold investment expenditures in Vertex Ventures and incurred a loss of PLN 14,281,545.45 zł

7. Long-term receivables from other entities

In the given balance sheet item, the Company presented a long-term portion of receivables from the sale of Vertex investments. This is the last tranche - in the amount of 50% of the total amount due for the sale of investments, amounting to PLN 11,407,178.00

8. Equity

8.1 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%

8.2 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.

9. Provisions

9.1 Provisions for retirement and similar benefits

Particulars	Retirement benefits	Other	Total
01.04.2018	686,259.00	16,602,534.81	17,288,793.81
Increases	826,101.00	20,247,616.65	21,073,717.65
Used	–	(16,602,534.81)	(16,602,534.81)
Reversed	(686,259.00)		(686,259.00)
31.03.2019	826,101.00	20,247,616.65	21,073,717.65
including:			
long-term	826,101.00	–	826,101.00
short-term	–	20,247,616.65	20,247,616.65
Other short-term provisions for employee benefits include (by basis):			

Particulars	Retirement benefits	Other	Total
provision for unused annual leave		11,207,584.94	
provisions for bonuses		6,920,296.39	
provision for retirement and disability benefits		826,101.00	
provision for overtime		1,945,097.61	
other provisions		174,637.70	
		21,073,717.64	

9.2 Other short-term provisions

Other short-term provisions have been made for any taxable interest on the returned subsidy.

Particulars	Other	Total
01.04.2018	2,563,171.00	2,563,171.00
Increases	650,517.00	650,517.00
31.03.2019	3,213,688.00	3,213,688.00

10. Short-term liabilities

10.1 Short-term trade liabilities to related parties of PLN 278,426.04 are due within 12 months from the balance sheet date.

10.2 Short-term trade liabilities to other entities of PLN 3,875,415.07 are due within 12 months from the balance sheet date.

10.3 Short-term liabilities due to taxes, customs duty, incurance and other benefits

Particulars	31.03.2019	31.03.2018
PIT-4 settlements	1,222,337.62	2,129,180.12
Social security settlements	7,949,918.27	9,501,785.38
CIT-8 settlements		19,055.91
WHT settlements	(1.38)	119,942.25
	9,172,254.51	11,769,963.66

10.4 Short-term liabilities — other financial liabilities to other entities

Particulars	31.03.2019	31.03.2018
Measurement of financial instruments	548,900.00	51,200.00
	548,900.00	51,200.00

11. Other accruals

11.1 Long-term accruals

Particulars	31.03.2019	31.03.2018
Deferred discount received due to a rent — long-term portion	6,990,214.89	8,343,583.77
	6,990,214.89	8,343,583.77

11.2 Short-term accruals

Particulars	31.03.2019	31.03.2018
Provision for the costs of business trips	4,625.00	81,119.66
Deferred discount received due to a rent — short-term portion	1,695,247.59	942,019.74
Deferred income — EU subsidy	8,130,452.55	8,130,452.55
Other	1,810,303.24	3,611,675.93
	11,640,628.38	12,765,267.88

12. Sales revenue

Particulars	01.04.2018 -31.03.2019	01.04.2017 -31.03.2018
Geographic information		
Revenue from sales of services		
Domestic	30,652,518.81	35,004,276.73
Exports	238,361,173.29	253,234,702.82
	269,013,692.10	288,238,979.55
Revenue by type		
Revenue from sales of products		
Services	269,013,692.10	288,238,979.55
	269,013,692.10	288,238,979.55

13. Interest income

(including those arising from debt financial instruments, loans and receivables)

from 1 April 2018 to 31 March 2019

Particulars		Unrealized interest, due within			
	Realized interest	up to 3 months	3–12 months	over 12 months	Total
Loans and receivables	2,620,406.29	(37,180.83)	1,213,936.65	–	3,797,162.11
	2,620,406.29	(37,180.83)	1,213,936.65	–	3,797,162.11

from 1 April 2017 to 31 March 2018

Particulars		Unrealized interest, due within			
	Realized interest	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

14. Corporate income tax

14.1 CIT structure

Particulars	01.04.2018 -31.03.2019	01.04.2017 -31.03.2018
Current income tax	3,895,153.08	6,992,250.00
Additional prior year tax liabilities	195,418.00	355,778.00
Change in deferred income tax	1,642,386.09	1,335,647.51
Change in accounting priciples	1,294,645.40	–
	7,027,602.57	8,683,675.51

14.2 Calculation of corporate income tax

Particulars	01.04.2018 -31.03.2019	01.04.2017 -31.03.2018
Gross profit	33,324,587.46	43,450,603.90
Increases in the tax basis	36,062,776.54	41,311,237.09
Decreases in the tax basis	39,498,238.07	33,346,856.92
Taxable income	29,889,125.93	51,414,984.07
Tax basis	29,889,125.93	51,414,984.07
Income tax	5,678,933.94	9,768,847.00
SEZ tax credit	(1,783,780.86)	(2,776,597.00)
Income tax recognized in profit or loss	3,895,153.08	6,992,250.00

14.3 Calculation of corporate income tax from income from capital gains

Particulars	01.04.2018 -31.03.2019
Income from capital gains	18,854,318.02
Incurred costs related to obtaining income	(33,427,306.23)
Loss	(14,572,988.21)

14.4 Deferred income tax

Particulars	01.04.2018 -31.03.2019	01.04.2017 -31.03.2018
Deductible temporary differences:		
Provision for annual leave	11,207,584.94	9,394,933.35
Provision for bonuses, overtime, retirement and disability benefits	6,920,296.39	6,075,623.80
Accrued exchange losses	316,269.74	2,963,329.61
Provisions for other costs	15,760,024.07	21,448,136.03
Fixed assets	2,167,521.60	2,882,451.78
Measurement of derivatives	648,900.00	–
SEZ tax credit	31,103,402.85	39,616,707.37
Reserve for additional after-sales services	933,343.04	
Provision for unfinished services	6,501,874.01	–
	75,559,216.64	82,381,181.94
Gross deferred tax assets	14,356,251.16	15,652,424.26
Net deferred tax assets	14,356,251.16	15,652,424.26
Taxable temporary differences:		
Accrued exchange gains	1,090,426.26	445,005.07
Measurement of derivatives	636,920.54	531,930.13
Interest accrued on deposits	2,030,814.70	959,049.29
	3,758,161.50	1,935,984.49
Deferred tax liability	714,050.69	367,837.05
Deferred tax assets recognized in the balance sheet	14,356,251.16	15,652,424.26
Deferred tax liability recognized		
in the balance sheet	714,050.69	367,837.05
	01.04.2018 -31.03.2019	01.04.2017 -31.03.2018
Net balance sheet change in deferred tax assets/liability	(1,642,386.09)	(1,335,647.50)
Change in deferred tax charged to profit or loss	(1,642,386.09)	(1,335,647.50)

15. Expenditure on non-current non-financial assets

Particulars	01.04.2018 -31.03.2019	01.04.2017 -31.03.2018
Expenditure on non-current non-financial assets:		
– incurred in the current year	2,849,460.30	1,132,644.91
– planned	3,606,310.00	1,200,000.00

16. Explanations to the cash flow statement

16.1 (Gain)/loss on investments

Particulars	01.04.2018 -31.03.2019	01.04.2017 -31.03.2018
Other — (gain)/loss on forwards	12,817,055.57	(1,388,300.00)
	12,817,055.57	(1,388,300.00)

16.2 Change in short-term liabilities (except for credit facilities and loans)

Particulars	01.04.2018 -31.03.2019	01.04.2017 -31.03.2018
Change in short-term liabilities	(1,421,666.51)	706,851.05
Change in liabilities due to acquisition of property, plant and equipment and investments	–	154,948.92
Change in other financial liabilities due to measurement of forwards	–	109,700.00
	(1,421,666.51)	971,499.97

16.3 Acquisition of intangible assets and property, plant and equipment

Particulars	01.04.2018 -31.03.2019	01.04.2017 -31.03.2018
Increases in fixed assets	(2,808,618.91)	(1,132,644.91)
Change in fixed assets under construction	–	–
Change in liabilities due to acquisition of property, plant and equipment	(40,830.52)	(154,948.92)
	(2,849,449.43)	(1,287,593.83)

16.4 Other adjustments

Particulars	01.04.2018 -31.03.2019	01.04.2017 -31.03.2018
Other — due to measurement of forwards	–	(109,700.00)
	–	(109,700.00)

17. Related party transactions

17.1 Payment of receivables and liabilities as at the balance sheet date

Particulars	Liabilities	Receivables	Loans to
Infosys Ltd - Indie	130,000.04	784,188.83	–
Infosys BPM Limited - Indie (włączając przedstawicielstwo w Holandii, Wielkiej Brytani i Singapore)	14,296.30	219,559.37	–
Infosys Consulting BV		(17,936.60)	–
Edgeverve	122,588.43		–
Infosys (Czech Republic) Limited s.r.o.	11,541.27	(195.47)	–
Infosys Technologies (China) Company Limited	–	–	2,923,754.56
Infosys Technologies (Shnaghai) Company Limited	–	–	20,763,610.96
Infosys Technologia Brazil			19,470,500.26
	278,426.04	985,616.13	43,157,865.78

17.2 Revenue from related party transactions in the financial year

Particulars	Sales revenue
Infosys Ltd - Indie	15,730,401.05
Infosys BPM Limited (dawniej Infosys BPO Limited) - Indie	3,665,640.49
Infosys Consulting AG	121,587.99
Infosys (Czech Republic) Limited s.r.o.	146,058.49
	19,663,688.02

17.3 Cost of related party transactions in the financial year

Particulars	Purchase of services
Infosys Ltd - Indie	38,938.22
Infosys (Czech Republic) Limited s.r.o.	501,454.60
Infosys BPM Limited (dawniej Infosys BPO Limited)- Indie (włączając przedstawicielstwo w Holandii, Wielkiej Brytani i Singapore)	124,989.82
Portland Group Ltd	225.40
Edgeverve Systems Limited - Indie	(16,680.18)
	648,927.86

18. Material related-party transactions concluded by the Company on non-arm's length terms

There were no material related-party transactions that would be concluded on non-arm's length terms

19. Staff

Average number of staff in the financial year

Office employees	2,117
	2,117

20. 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.

21. Fee paid or payable to the entity authorized to audit financial statements

Particulars	01.04.2018 -31.03.2019	01.04.2017 -31.03.2018
Fee for the audit of annual financial statements	58,067.55	56,307.15

22. Events pertaining to prior years disclosed in the financial statements for the current year

In the current financial year, the Company decided to change the accounting principles in relation to services not completed as at the balance sheet date irrespective of the duration of the service. The Company decided to recognize revenues from those services using stage of completion method, provided that the stage of completion and the expected total contract costs over the entire contract period can be measured reliably. The change of rules applies only to fixed priced contracts or contracts with fixed hours. In the Company's opinion, this method is better than revenue recognition based on issued invoices, because reflects in more accurate way company's operations and results.

Particulars	01.04.2017 - 31.03.2018	
	Closing balance after changes	Closing balance before changes
Net revenues from the sale of services	281,425,056.62	288,238,979.55
Trade receivables from other entities	54,113,691.57	60,927,614.50
Deferred income tax asset	16,947,069.66	15,652,424.26
Income tax	7,389,030.11	8,683,675.51

23. Events related to previous years disclosed in the financial statements of the financial year

There were no events related to previous years, which were recognized in the financial statements for the financial year.

24. Post-balance sheet events not recognized in the financial statements

There were no material post-balance sheet events not recognized in the financial statements.

25. 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.

26. 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.

27. Financial instruments

27.1 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 27.5.

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 USD 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.

27.2 Description of financial instruments

Portfolio	Quantity	Carrying amount	Terms and conditions affecting future cash flows
Cash	in hand and at bank	10,947,029.13	not applicable
Cash	deposits	45,240,410.96	interest of 1.30%; maturing by 2019-04-30
		20,086,071.23	interest of 1.32%; maturing by 2019-06-28
		45,148,130.14	interest of 1.35%; maturing by 2019-08-12
		25,156,164.38	interest of 1.50%; maturing by 2019-04-29
		45,004,253.42	interest of 1.15%; maturing by 2019-04-05
		20,001,890.41	interest of 1.15%; maturing by 2019-04-29
Other short-term financial assets — forwards	derivatives	548,900.00	maturing from 04.2019 to 03.2019
Financial assets available for sale	Tidalscale investment	12,974,676.24	

27.3 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.

27.4 Interest rate risk

Financial instruments:		31.03.2019	31.03.2018
		carrying amount	carrying amount
– fixed interest rate			
Financial assets		243,794,786.32	205,929,000.49
including:	loans	43,157,865.78	20,397,070.36
	deposits	200,636,920.54	185,531,930.13

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.

27.5 Credit risk

The Company's maximum exposure to the credit risk is expressed as the carrying amount of the following financial assets:

Particulars	31.03.2019	31.03.2018
Financial assets:	carrying amount	carrying amount
Loans	43,157,865.78	20,397,070.36
Trade receivables	40,974,335.61	62,548,643.89
Other short-term financial assets — deposits	45,148,130.14	25,005,958.90
Cash — deposits	155,488,790.40	160,525,971.23
Cash — other	10,947,029.13	13,791,090.40
Financial assets available for sale	12,974,676.24	36,906,540.00
	308,690,827.30	319,175,274.78
	31.03.2019	31.03.2018
Financial liabilities:	wartość bilansowa	wartość bilansowa
Valuation of financial instruments	548,900.00	51,200.00

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).

28. 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.

Kapil Jain
Chairman of the Board

Anup Kapoor
Member of the Board

Sampath Narayanan
Member of the Board

Management Board
Person in charge of the accounting records

Łódź - May 21, 2019

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Infosys McCamish Systems, LLC

Independent Auditor's 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 December 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 December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with U.S 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 Auditor's 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 U.S Generally Accepted Accounting Principles, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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.

Deloitte Haskins & Sells LLP

Bengaluru, India

May 09, 2019

Balance Sheet

In US$

Particulars	Note no.	As at December 31, 2018	As at December 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents		23,518,789	13,451,091
Accounts receivables, net of doubtful balances	4	25,702,958	22,497,193
Unbilled revenue		26,620,034	6,565,872
Income tax assets		–	20,610
Prepayments and other assets	5	23,443,785	17,612,594
Total current assets		99,285,566	60,147,360
Non-current assets			
Deferred tax assets	14	–	884,183
Property, plant and equipment	6	1,634,579	1,581,552
Goodwill		30,594,094	30,594,094
Intangible assets	7	927,700	1,059,264
Unbilled revenue		11,838,163	–
Prepayments and other assets	5	11,228,603	12,040,380
Total non-current assets		56,223,139	46,159,473
Total assets		155,508,705	106,306,833
LIABILITIES AND EQUITY			
Current liabilities			
Loan from related parties	15	5,716,233	5,578,733
Trade payables	9	18,088,097	13,041,681
Unearned revenue		27,036,183	23,471,554
Compensated absences		384,309	337,789
Provisions	10	941,615	817,281
Income tax liabilities		667,095	–
Other liabilities	11	28,494,945	14,724,269
Total current liabilities		81,328,477	57,971,307
Non-current liabilities			
Deferred tax liability	14	2,205,864	–
Other non-current liabilities	11	12,236,726	64,132
Total non-current liabilities		14,442,590	64,132
Total liabilities		95,771,067	58,035,439
MEMBER'S EQUITY			
Member's equity		36,070,038	36,070,038
Additional paid-in-capital		16,424,112	16,424,112
Accumulated surplus/ (deficit)		7,243,488	(4,222,756)
Total member's equity		59,737,638	48,271,394
Total liabilities and member's equity		155,508,705	106,306,833

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

Statement of Comprehensive Income

In US$

Particulars	Note no.	Years ended December 31, 2018	Years ended December 31, 2017
Revenue		158,626,992	102,323,103
Cost of revenue	13	131,637,198	88,044,735
Gross profit		26,989,794	14,278,368
Other expenses			
Selling and marketing expenses	13	1,428,735	205,039
Administrative expenses	13	9,950,855	9,047,159
Total other expenses		11,379,590	9,252,198
Operating profit		15,610,204	5,026,170
Interest expense		137,500	78,733
Other expenses/ (income)			
Exchange differences		16,471	54,899
Miscellaneous income		(25,651)	(1,874)
Profit before income taxes		15,481,884	4,894,412
Income tax expense	14	5,271,332	2,538,664
Net profit		10,210,552	2,355,748
Other comprehensive income		–	–
Total comprehensive income		10,210,552	2,355,748

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

Statement of Changes in Member's Equity

In US$

Particulars	Member's equity	Additional paid in capital	Accumulated surplus/ (deficit)	Total Member's equity
Balance as of January 1, 2017	36,070,038	16,424,112	(6,578,504)	45,915,646
Changes in members equity for the year ended December 31, 2017				
Total comprehensive income for the year	–	–	2,355,748	2,355,748
Balance as of December 31, 2017	36,070,038	16,424,112	(4,222,756)	48,271,394
Adjustment made on account of early adoption of ASC (Topic 606) – Revenue from contracts with customers (Refer to Note 1.4)	–	–	1,255,692	1,255,692
Post adjustment balance as of December 31, 2017	36,070,038	16,424,112	(2,967,064)	49,527,086
Changes in members equity for the year ended December 31, 2018				
Net profit for the year	–	–	10,210,552	10,210,552
Balance as of December 31, 2018	36,070,038	16,424,112	7,243,488	59,737,638

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

Statement of Cash Flows

In US$

Particulars		Years ended December 31,	
		2018	2017
Cash flows from operating activities			
Net profit for the year		10,210,552	2,355,748
Adjustments to reconcile net profit to net cash provided by operating activities			
Income tax expense		5,271,332	2,538,664
Provision for service level risk on revenue contracts		124,332	(14,752)
Allowance for doubtful accounts		111,829	121,250
Depreciation		743,032	906,421
Exchange difference		16,471	54,899
Amortization of intangible assets		1,431,565	1,275,556
Interest expense		137,500	78,733
Cash operating profit		18,046,613	7,316,519
Changes in assets and liabilities			
Accounts receivable		(3,205,549)	(14,037,117)
Prepayments and other assets		(5,208,040)	(19,609,684)
Unbilled revenues		(19,167,629)	(5,025,562)
Trade payables		5,046,416	11,803,419
Unearned revenue		4,249,569	12,591,128
Compensated absences		46,520	8,218
Other liabilities and provisions		13,849,438	9,861,798
Income taxes paid		(1,493,581)	(245,542)
Net cash (used)/ provided by operating activities	(A)	12,163,757	2,663,177
Cash flows from investing activities			
Expenditure on property, plant and equipment		(2,096,059)	(1,094,360)
Net cash (used)/ provided by investing activities	(B)	(2,096,059)	(1,094,360)
Cash flows from financing activities			
Loan from related parties		–	5,500,000
Net cash (used)/ provided by financing activities	(C)	–	5,500,000
Net changes in cash and cash equivalents	(A+B+C)	10,067,698	7,068,817
Cash and cash equivalents at the beginning of the year		13,451,091	6,382,274
Cash and cash equivalents at the end of the year		23,518,789	13,451,091
Supplementary information			
Interest paid during the year		–	–

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

(In United States Dollars, except where otherwise stated.)

1. Company overview and significant accounting policies

1.1 Company overview

Infosys McCamish Systems, LLC, ('the Company') is a platform based business process outsourcer (BPO) that provides end to end administrative services to the financial services industry in support of life insurance and annuity products, non qualified retirement plans and the distribution organizations that sell these products. The Company leverages its suite of proprietary intellectual property and deep domain expertise to provide services through a myriad of deployment options including comprehensive BPO, SaaS (Software as a Service), license and other hybrid service models. The Company's clients, which include many of the largest financial services companies in the United States of America ('United States'/ 'USA'/ 'US') and a growing number outside of the United States, hire the Company to support single products, a single line of business or the client's entire product portfolio.

The Company was formed in December 1994 as a limited liability company under the provisions of the Georgia Limited Liability Company Act ('the Act'), limited by member's 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 U.S. Generally Accepted Accounting Principles to reflect the financial position and results of operations of the Company. The financial statements have been presented in United States Dollars.

The Company has changed the reporting period from April - March to January-December.

1.3 Use of estimates

The preparation of financial statements is in conformity with U.S. Generally Accepted Accounting Principles (U.S. GAAP) which requires 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

The Company is a leading developer of solutions and services in the insurance industry. The Company offers flexible solutions through business process management, software-as–a-service, and license models. The Company leverages its proprietary VPAS®, PMACS® and Deferral+® platforms, as well as VPAS® BPA, to offer the retirement and financial services industries integrated sales and administration support solutions.

The Company is also a software reseller for various industry specific clients.

In May 2014, the Financial Accounting Standards Board ('FASB') issued Accounting Standards Update ('ASU') No. 2014 - 09 - 'Revenue from Contracts with Customers (Topic 606)'. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company early adopted the new standard effective January 1, 2018, the first day of the Company's fiscal year using the modified retrospective approach. In accordance with the modified retrospective approach , the comparatives have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Arrangements with customers for software related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis. Accounting policy for revenue recognition under these arrangements is as follows:

Time -and -material

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

Fixed-price and fixed-time frame

Revenue from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method.

Maintenance revenue is recognized ratably over the term of the underlying maintenance arrangement.

Whenever there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

Unbilled and unearned revenue

Revenues in excess of invoicing are classified as contract assets (referred as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (referred to as unearned revenues).

Software development and related services

In arrangements for software development and related services and maintenance services, the Company has applied the guidance in ASC 606 - Revenue from contract with customer, by applying the revenue recognition criteria for each distinct performance obligation. The arrangements with customers generally meet the criteria for considering software development and related services as distinct performance obligations. For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the Company is unable to determine the standalone selling price, the Company uses the expected cost plus margin approach in estimating the standalone selling price. For software development and related services, the performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

Licenses

Revenue from licenses where the customer obtains a 'right to use' the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a 'right to access' is recognized over the access period. Arrangements to deliver software products generally have three elements: License, implementation and Annual Technical Services (ATS). The Company has applied the principles under ASC 606 to account for revenues from these performance obligations. When implementation services are provided in conjunction with the licensing arrangement and the license and implementation have been identified as two separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. In the absence of standalone selling price for implementation, the performance obligation is estimated using the expected cost plus margin approach. Where the license is required to be substantially customized as part of the implementation service the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue 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 performance obligations are satisfied. ATS revenue is recognized ratably over the period in which the services are rendered.

Volume discount

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discounts/ incentives to each of the underlying performance obligation that corresponds to the 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.

Contract modification

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

Tax

The Company presents revenues net of indirect taxes in its Statement of Profit and Loss.

The disclosures required under ASC 606 are made as under:

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers for the year ended December 31, 2018, by offerings and contract-type along with the impact of early adoption of ASC 606. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

In US$

Particulars	Year ended December 31, 2018
Revenue by offerings	
Core services	54,821,174
Sale of third party software and services	103,805,818
Total	158,626,992
Revenues by contract type	
Fixed-price	76,104,251
Time and materials	82,522,741

Particulars	Year ended December 31, 2018
Total	158,626,992
Increase in provision for cost of software	12,093,832
Decrease in prepaid cost	188,177
Increase in unbilled revenue	12,852,762
Decrease in unearned revenue	684,939
Net Increase in opening balance of Accumulated surplus	1,255,692

On account of adoption of ASC 606, unbilled revenue of US $ 1,309,410 as at December 31, 2018 has been considered as non financial asset.

1.5 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation. 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
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 ageing and current payment patterns. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

1.8 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 labour, 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.

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. 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 December 31, 2018 and December 31, 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 December 31, 2018 and December 31, 2017, the revenue earned from two customers contributing over 10% of revenues, accounted for about 31% and 29% 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.

The key assumptions used for the calculations are as follows:

in %

Particulars	As of December 31, 2018
Long term growth rate	8
Operating margins	6.5 - 8.5
Discount rate	14.54

The above discount rate is based on the Weighted Average Cost of Capital (WACC) of the Company. These estimates are likely to differ from future actual results of operations and cash flows.

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 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.

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 expect the adoption of the update to have material effect on its financial position or results of operations.

In February 2018, the FASB issued ASU 2018-02, Income Statement - Reporting Comprehensive Income. Yhis 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 expect the adoption of the update to have material effect on its financial position or results of operations.

3. Member's equity

At December 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 December 31, 2018.

4. Accounts receivables, net of doubtful balances

Accounts receivable, net of doubtful balances, as on December 31, 2018 and 2017 is US $ 25,702,958 and US $ 22,497,193 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 December 31, 2018 and December 31, 2017, the Company had allowance amounting to US $ 136,685 and US $ 258,172 respectively, towards doubtful accounts receivable.

Receivables includes dues from related parties amounting to US $ 936,645 and US $ 99,256 as at December 31, 2018 and December 31, 2017 respectively. (Refer to Note 15).

5. Prepayment and other assets

Prepayment and other assets as on December 31 is as follows:

In US$

Particulars	2018	2017
Current		
Prepaid expenses	23,331,688	17,537,474
Deposits	37,500	40,500
Other current assets	74,597	34,620
	23,443,785	17,612,594
Non-current		
Prepaid expenses	11,138,843	11,953,620
Deposits	89,760	86,760
	11,228,603	12,040,380
Total	34,672,388	29,652,974

6. Property, plant and equipment

Property, plant and equipment as on December 31 are as follows:

In US$

Particulars	2018	2017
Computer equipment	6,798,992	7,037,929
Office furniture and equipment and leasehold improvements	1,605,146	1,585,990
	8,404,138	8,623,919
Accumulated depreciation	(7,109,083)	(7,042,367)
	1,295,055	1,581,552
Capital work-in-progress	339,524	–
	1,634,579	1,581,552

Depreciation expense amounted to US$ 743,032 and US$ 906,421 for the year ended December 31, 2018 and December 31, 2017, respectively which has been allocated to cost of revenue.

7. Intangible assets

Based on the Management's estimate of the useful life, the identified intangible customer contracts and relationships is amortized over a period of nine years. Software, acquired during the year, is being amortized over a period of 21 months, being the remaining useful life of the asset.

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

In US$

Particulars	Software	Customer contracts and relationships	Computer software platform
December 31, 2018			
Gross carrying value	1,300,000	11,300,000	2,950,000
Less: Accumulated amortization	372,300	11,300,000	2,950,000
Net carrying value	927,700	–	–
December 31, 2017			
Gross carrying value	–	11,300,000	2,950,000
Less: Accumulated amortization	–	10,240,736	2,950,000
Net carrying value	–	1,059,264	–

The aggregate amortization expense for the year ended December 31, 2018 and December 31, 2017 amounted to US$ 1,431,565 and US$ 1,275,556 respectively which has been allocated to cost of revenue in its entirety.

The estimated amortization expense for intangible assets for the succeeding annual year is the US$ 744,600.

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 expired on June 30, 2018 and the same is extended till April 30, 2019.The Company has took a new office space in Atlanta, Cumberland and the lease for this office space will expire on July 31, 2026. The lease for office space in DesMoines will expire 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$ 1,225,796 and US$ 879,914 during the year ended December 31, 2018 and 2017, respectively.

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

In US$

FY 2019	1,166,293
FY 2020	1,584,898
FY 2021	1,610,892
FY 2022	1,370,853
FY 2023 and thereafter	5,202,186

9. Trade payables

Trade payables as on December 31 are as follows:

In US$

Particulars	2018	2017
Dues to related parties (Refer to Note 15)	9,281,167	10,913,179
Other trade payables	8,806,930	2,128,502
	18,088,097	13,041,681

10. Provisions

Provisions as on December 31 are as follows:

In US$

Particulars	2018	2017
Provision for service level risk on revenue contracts	941,615	817,281

11. Other liabilities

Other liabilities as on December 31 are as follows:

In US$

Particulars	2018	2017
Current		
Accrued compensation to staff	1,828,355	1,494,784
Withholding taxes payable	6	–
Provision for expenses :		
Cost of software	23,217,070	10,080,274
Others*	3,001,779	2,644,651
Rent holiday accrual	21,551	125,099
Others (includes dues to related parties) (Refer to Note 15)	426,184	379,461
Total (A)	28,494,945	14,724,269
Non-current		
Rent holiday accrual	42,581	64,132
Provision for cost of software	12,194,145	–
Total (B)	12,236,726	64,132
Grand Total (A+B)	40,731,671	14,788,401

*Includes provision for professional charges and audit fees US$ 253,174, contract labor US$ 738,887, postage and other communication costs US$ 876,541, employee health insurance US$ 564,577 and others US$ 568,600 as on December 31, 2018

*Includes provision for professional charges and audit fees US$ 473,984, contract labor US$ 474,678, postage and other communication costs US$ 805,404, employee health insurance US$ 522,942 and others US$ 367,643 as on December 31, 2017

12. Financial instruments

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

In US$

Particulars	As at December 31,			
	2018		2017	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Assets				
Cash and cash equivalents	23,518,789	23,518,789	13,451,091	13,451,091
Accounts receivables (Refer to Note 4)	25,702,958	25,702,958	22,497,193	22,497,193
Unbilled revenue[(1)]	37,148,787	37,148,787	6,565,872	6,565,872
Other financial assets	174,991	174,991	161,134	161,134
Total	86,545,525	86,545,525	42,675,290	42,675,290
Liabilities				
Loan from related parties(Refer to Note 15)	5,716,233	5,716,233	5,578,733	5,578,733
Trade payable (Refer to Note 9)	18,088,097	18,088,097	13,041,681	13,041,681
Provision for expenses (Refer to Note 11)	38,412,994	38,412,994	12,724,925	12,724,925
Accrued compensation to staff (Refer to Note 11)	1,828,355	1,828,355	1,494,784	1,494,784
Other financial liabilities (Refer to Note 11)	426,184	426,184	379,461	379,461
Total	64,471,863	64,471,863	33,219,584	33,219,584

(1) On account of adoption of ASC 606, unbilled revenues of US$ 1,309,410 of the total US$ 38,458,197 is classified as non financial asset as on December 31, 2018.

13. Operating expenses

Operating expense for the year ended December 31 is as follows:

In US$

Particulars	2018	2017
Employee benefit expenses	31,480,400	27,445,553
Cost of technical sub-contractors	37,620,951	18,996,180
Office expenses	1,165,916	996,948
Depreciation and amortization expense	2,174,597	2,181,977
Cost of software packages	60,818,930	38,961,539
Rent (Refer to Note 8)	1,225,796	879,914
Travel expenses	528,587	415,201

Particulars	2018	2017
Communication expenses	1,729,180	1,424,787
Professional charges	2,323,415	1,759,413
Insurance charges	126,422	129,158
Postage and couriers	3,376,053	3,546,515
Other expenses	446,541	559,748
	143,016,788	97,296,933

Function-wise classification of operating expenses for the year ended December 31, 2018 and December 31, 2017 is as follows:

In US$

Year ended December 31, 2018	Cost of revenues	General and administration expenses	Selling and marketing expenses	Total
Employee benefit expense	27,730,846	2,450,912	1,298,642	31,480,400
Cost of technical sub-contractors	37,620,951	–	–	37,620,951
Office expenses	114,348	1,051,544	24	1,165,916
Depreciation and amortization expense	2,174,597	–	–	2,174,597
Cost of software packages	59,303,315	1,515,181	434	60,818,930
Rent	1,172,405	53,391	–	1,225,796
Travel expenses	411,395	21,977	95,215	528,587
Communication expenses	1,082,110	646,373	697	1,729,180
Professional charges	1,859,384	464,031	–	2,323,415
Insurance	105,696	20,726	–	126,422
Postage and courier	–	3,376,053	–	3,376,053
Other expenses	62,151	350,667	33,724	446,541
	131,637,198	9,950,855	1,428,735	143,016,788

In US$

Year ended December 31, 2017	Cost of revenues	General and administration expenses	Selling and marketing expenses	Total
Employee benefit expense	24,870,158	2,428,228	147,167	27,445,553
Cost of technical sub-contractors	18,996,180	–	–	18,996,180
Office expenses	69,216	927,416	316	996,948
Depreciation and amortization expense	2,181,977	–	–	2,181,977
Cost of software packages	38,308,512	645,027	8,000	38,961,539
Rent	839,400	40,514	–	879,914
Travel expenses	388,018	17,563	9,620	415,201
Communication expenses	706,470	717,836	481	1,424,787
Professional charges	1,490,156	269,257	–	1,759,413
Insurance	98,976	30,182	–	129,158.18
Postage and courier	–	3,546,515	–	3,546,515
Other expenses	95,672	424,621	39,455	559,748
	88,044,735	9,047,159	205,039	97,296,933

14. Income taxes

The income tax expense comprises during the year ended December 31:

In US$

Particulars	2018	2017
Current taxes	2,181,285	350,073
Deferred taxes	3,090,047	2,188,591
Income tax expense	5,271,332	2,538,664

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 summarised as follows:

In US$

Particulars	2018	2017
Profit before incomes taxes	15,481,884	4,894,412
Statutory tax rate	21%	34%
Computed expected tax expense	3,251,196	1,664,100
State taxes	732,900	187,221
Withholding taxes	–	74,038
Disallowed Items	12,797	11,909
Base erosion and anti-abuse tax (BEAT) liability	1,375,596	–
Deferred tax – change in tax rates	174,739	398,114
Effect of true up of previous year taxes	21,968	(2,013)
Other adjustments	(297,863)	205,295
Income tax expense	5,271,332	2,538,664

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

In US$

Particulars	2018	2017
Deferred tax assets		
Carry forward business losses	1,359,923	4,004,363
Accruals	412,268	324,591
Accrued Compensation	146,010	119,876
Deferred rent	16,033	45,415
Depreciation and amortization	1,102,349	1,142,980
Accrued vacation	96,077	81,069
Others	274,394	214,723
	3,407,054	5,933,017
Deferred tax liability		
Goodwill	(3,212,917)	(2,744,834)
Accruals including contingent consideration reversal	(2,400,000)	(2,304,000)
Total deferred tax liability	(5,612,917)	(5,048,834)
Deferred tax asset/ (liability), net	(2,205,864)	884,183

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 December 31 2018, the Company has federal net operating loss carry forwards for income tax purpose of US$ 5,439,692 expiring in years 2030 through 2035.

In assessing the realisability 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 realised. 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 December 31, 2018.

15. Related party transactions

(a) The Company has identified the following related parties

Key Management personnel

Mr. Anantharaman Radhakrishnan [1]

Mr. Nishit Ajit Shah, *Director* [1]

Mr. Kapil Jain, *Director*

Mr. Gordon Beckham, *Chief Executive Officer and Director* [2]

Mr. Richard Magner, *Chief Executive Officer and Director* [3]

Mr. Thothathri V, *Director* [4]

Mr. Prem Joseph Pereira[5]

(1) appointed w.e.f. July 19, 2016 and ceased to be director w.e.f. July 11, 2017.

(2) resigned w.e.f. April 17, 2017.

(3) appointed as Chief Executive Officer w.e.f. April 18, 2017 (formerly acted in position of Sales Head).

(4) appointed w.e.f. July 11, 2017.

(5) will be appointed as Chief Financial Officer w.e.f. January 15, 2019.

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.

Infosys BPM Limited (formerly known as Infosys BPO Limited), the holding company.

Infosys Public Services Inc., a wholly owned subsidiary of Infosys Limited.

Brilliant Basics Limited, a wholly owned subsidiary of Infosys Limited.

Kallidus Inc., a wholly owned subsidiary of Infosys Limited.

(b) Summary of significant transaction with related parties is as follows:

In US$

Particulars	Key management personnel	Other companies within the Group
	Year ended December 31, 2018	
Revenue transactions		
Purchase of services from Infosys Limited	–	29,686,913
Purchase of services from Infosys BPM Limited	–	4,318,977
Purchase of services from Brilliant Basics Limited.	–	103,836
Sale of services to Infosys Limited	–	893,669

Particulars	Key management personnel	Other companies within the Group
	Year ended December 31, 2018	
Sale of services to Infosys BPM Limited	–	5,083,604
Interest expense on loan from Infosys Public Services Inc.	–	137,500
Remuneration to key managerial personnel	527,555	–
Capital transactions		
Purchase of software (skytree) from Kallidus Inc.	–	1,300,000

In US$

Particulars	Key Management personnel	Other companies within the Group
	Year ended December 31, 2017	
Revenue transactions		
Purchase of services from Infosys Limited	–	11,937,020
Purchase of services from Infosys BPM Limited	–	4,604,180
Purchase of shared services from Infosys Limited	–	71,475
Sale of services to Infosys Limited	–	358,949
Sale of services to Infosys BPM Limited	–	209,559
Interest expense on loan from Infosys Public Services Inc	–	78,733
Remuneration to key managerial personnel	659,363	–
Capital transactions		
Loan taken from Infosys Public Services Inc.	–	5,500,000

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

In US$

Particulars	2018	2017
Loan taken		
Infosys Public Services Inc.	5,716,233	5,578,733
	5,716,233	5,578,733
Trade payables		
Infosys Limited	8,950,854	10,378,537
Infosys BPM Limited	330,313	534,642
	9,281,167	10,913,179
Account receivables		
Infosys Limited	94,214	81,730
Infosys BPM Limited	842,431	17,526
	936,645	99,256
Other receivables		
Infosys Limited	3,071	3,071
Infosys BPM Limited	1,312	–
	4,383	3,071
Other payables		
Infosys Limited	57,915	33,689
Infosys BPM Limited	5,472	–
	63,387	33,689

On May 16, 2017, Company entered into a loan agreement with Infosys Public Services Inc. 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 and extended by written consent of both the parties for further period of twelve months.The interest is payable at repayment of loan or anniversary date each year, whichever is earlier.

As a disclosure for subsequent event, the Company has repaid the entire loan alongwith the accrued interest to Infosys Public Services Inc in January,2019

16. Commitments and contingencies

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

The estimated amount of contracts remaining to be executed on capital contracts and not provided for as at December 31, 2018 and December 31, 2017 amounts to US $ 767,962 and US $ 69,827, 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 December 31, 2018 up through May 9, 2019, 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.

Portland Group Pty. Limited

Independent Auditor's Report

To the Board of Directors of Portland Group Pty. Limited

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, 2019, the Statement of Profit and Loss, 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, 2019 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 Auditor's 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 auditor's 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, 2019, but does not include the financial report and our auditor's 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 Requirements 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.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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
May 13, 2019

Directors' Report

The Directors present their report together with the financial report of Portland Group Pty. Limited ('the Company'), for the financial year ended March 31, 2019, and the auditor's report thereon.

1. Directors

The directors of the Company at any time during or since the end of the financial year are:

Mr. Andrew James Jarvis

Mr. Andrew Stewart Groth

Mr. Abhay Harigobind Das Chauhan

Directors have been in office since the start of the financial year to the date of this report, unless otherwise stated.

2. Principal Activities

The principal activities of the Company include provision of sourcing and category management service, project based consultancy support and ongoing management services. The Company offers complete clients procurement and supply chain functions from innovative, high-end strategy to effective, low cost transactional processing.

During the year, the Company has entered into resale of software for certain clients and there were no other significant changes in the nature of the activities of the Company during the year. No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

3. Dividends

No dividends were paid during the current year and previous year. The directors do not recommend the payment of a dividend.

4. Operating and Financial Review

The profit after tax for the year ended March 31, 2019 amounted to AUS $ 1,548,491 (2018:Profit after tax of AUS $ 429,850). This was primarily a result of increase of revenue from AUS $ 17,866,462 for the year ended March 31, 2018 to AUS $ 28,111,982 in the year 2019.

5. Environmental Regulation

The Company's operations are not regulated by any significant environmental regulation under a law of the commonwealth or of a state or territory. However, the Board believes that the Company has adequate systems in place for the Management of its environmental requirements, and is not aware of any breach of those environmental requirements as they apply to the Company.

6. Events Subsequent to Reporting Date

No matters or circumstances have arisen since the end of the financial year and the date of this report which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

7. Likely Developments

The Company will continue to pursue its policy of increasing the profitability and market share of its major business sectors during the next financial year.

Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

8. Indemnification and Insurance of Officers and Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company.

9. Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 23 and forms part of the directors' report for the financial year ended March 31, 2019.

This report is made with a resolution of the directors.

Andrew Jarvis
Managing Director and Chief Executive Officer

Sydney
April 26, 2019

Statement of Financial Position

In AUS $

Particulars	Note no.	As at March 31, 2019	As at March 31, 2018
Assets			
Cash and cash equivalents	12a	25,819,060	20,874,003
Trade and other receivables	10	7,536,093	2,701,272
Other current assets	12c	39,610	584,341
Income tax assets		–	584,028
Prepayments	11	433,348	157,472
Total current assets		33,828,111	24,901,116
Deferred tax assets	16a	3,712,014	567,111
Property, plant and equipment	13	134,089	182,954
Other receivables	10	4,869,603	–
Prepayments	11	628,310	–
Total non-current assets		9,344,016	750,065
Total assets		43,172,127	25,651,181
Liabilities			
Trade and other payables	14	1,358,687	86,968
Other current liabilities	15	4,700,176	993,704
Current tax liabilities		3,560,516	–
Provisions	17	190,460	88,888
Employee benefit obligations	18	2,117,421	1,852,900
Total current liabilities		11,927,260	3,022,460
Employee benefit obligations	18	519,103	581,108
Other non-current liabilities	15	7,376,380	246,720
Total non-current liabilities		7,895,483	827,828
Total liabilities		19,822,743	3,850,288
Net assets		23,349,384	21,800,893
Equity			
Share capital	25a	3,389,049	3,389,049
Retained earnings		19,960,335	18,411,844
Total equity		23,349,384	21,800,893

The notes on page 7 to 23 are an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

In AUS $

Particulars	Note no.	Years ended March 31,	
		2019	2018
Revenue	5	28,111,982	17,866,462
Cost of sales	6	(24,696,787)	(15,539,564)
Gross profit		3,415,195	2,326,898
Selling and distribution expenses		(8,567)	(72,291)
Administrative expenses		(1,472,605)	(1,789,666)
Operating profit		1,934,023	464,941
Finance income	7	307,352	254,376
Net finance income		307,352	254,376
Profit before tax		2,241,375	719,317
Income tax expense	16b	(692,884)	(289,467)
Profit after tax		1,548,491	429,850
Other comprehensive income			
Items that will never be reclassified to profit or loss		–	–
Items that are or may be reclassified subsequently to profit or loss		–	–
Other comprehensive income, net of tax		–	–
Total comprehensive income		1,548,491	429,850

The notes on page 7 to 23 are an integral part of these financial statements.

Statement of Changes in Equity

In AUS $

Particulars	Share capital	Retained earnings	Total equity
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
Balance as on April 1, 2018	3,389,049	18,411,844	21,800,893
Total other comprehensive income	–	–	–
Profit for the year	–	1,548,491	1,548,491
Total comprehensive income	–	1,548,491	1,548,491
Transactions with owners of the Company			
Issue of ordinary shares	–	–	–
Dividends	–	–	–
Total transactions with owners of the Company	–	–	–
Balance at March 31, 2019	3,389,049	19,960,335	23,349,384

The notes on page 7 to 23 are an integral part of these financial statements.

Statement of Cash Flows

In AUS $

Particulars	Note no.	Years ended March 31, 2019	2018
Cash flows from operating activities			
Cash receipts from customers		26,088,359	21,052,467
Cash paid to suppliers and employees		(22,607,792)	(18,371,697)
Cash generated from operations		3,480,567	2,680,770
Redemption of fixed deposits against bank guarantees		500,000	–
Interest received		342,226	220,616
Net income taxes and GST received/ (paid)		640,462	(1,806,469)
Net cash from operating activities	12b	4,963,255	1,094,917
Cash flows from investing activities			
Purchase of plant equipment	13	(18,198)	(21,640)
Net cash used in investing activities		(18,198)	(21,640)
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		4,945,057	1,073,277
Cash and cash equivalents at April 1		20,874,003	19,800,726
Cash and cash equivalents as at March 31	12a	25,819,060	20,874,003

The notes on page 7 to 23 are an integral part of these 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 BPM Limited 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 May 13, 2019.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of 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 31, March 2019 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

AASB 15 - Revenue from Contracts with Customers (effective for annual periods beginning on or after January 1, 2018) – In May 2014, AASB 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. AASB 15 superseded the previous revenue recognition guidance including AASB 118 Revenue, AASB 111 Construction Contracts from the date it became effective. The Company's main source of income is from provision of sourcing and category management service, project based consultancy support and ongoing management services. Under AASB 118, the entity used to recognize revenue using the output method i.e. right to invoicing based on the consultants being provided and costs being incurred. The erstwhile revenue recognition method remain same even in the new standard under AASB 15. Hence, there is no impact on revenue accounting on transition to AASB 15.

Fixed price

Revenue from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method.

Time and material

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

Uncertainity

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.

Maintenance

Maintenance revenue is recognized ratably over the term of the underlying maintenance arrangement.

Unbilled/ unearned

Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

Licenses

Revenue from licenses where the customer obtains a 'right to use' the licenses is recognized at the time the license is made available to the customer. Arrangements to deliver software products generally have three elements: License, implementation and Annual Technical Services (ATS). The Company has applied the principles under AASB 115 to account for revenues from these performance obligations. ATS revenue is recognized ratably over the period in which the services are rendered.

Contract Modification

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

Tax

The Company presents revenues net of indirect taxes in its statement of Profit and loss.

(b) 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. 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.

(c) 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.

(d) 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

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 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.

(e) 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.

(f) 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	2019
Plant and machinery	5 years
Computer equipment	3-5 years
Furniture and fixtures	5 year

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

(g) Financial instruments

AASB 9 Financial Instruments: Classification and Measurement (effective for annual periods beginning on or after January 1, 2018) – AASB 9 was issued by the IASB in November 2009 and amended in November 2013 to include the new requirements for general hedge accounting. Another revised version of AASB 9 was issued in July 2014 mainly to include, a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments. In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model. This standard has not impacted the Company's financial position or performance, as the Company does not have any financial instruments which are designated through profit or loss category.

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.

(h) 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 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 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.

(i) 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.

(i) 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.

(j) 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.

(k) 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.

(l) 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.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 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.

(m) Finance income

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.

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.

(n) 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.

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. AASB 16- Leases is leading to changes in the way that lessees recognize leases. It will replace accounting standard AASB 117 and interpretations IFRIC 4, SIC 15 and SIC 27. AASB 16, which will come into force on January 1, 2019, requires lessees to use a single method for recognising leases, affecting the Balance Sheet in a similar way to current finance leases.

Because of the specific features of some leases (particularly regarding renewal arrangements), the timeframes used to measure leases under AASB 16 could, in some cases, differ from those used to measure off-Balance Sheet commitments in which only the firm commitment period is taken into account. As of March 31, 2019, the commitments (Refer Note 19) of the Company is AUS $ 1,191,425 (2018: AUS $ 1,830,550). The Company is yet to evaluate the impact of ASSB 16 on its financial statements.

On Completion of evaluation of the effect of adoption of AASB 16, the Company is proposing to use the 'Modified Restrospective Approach' for transitioning to AASB 16, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ending or ended March 31, 2019 and March 31, 2018 will not be restrospectively adjusted.

5. Revenue

In AUS $

Particulars	2019	2018
Related party revenue	4,280,939	3,873,811
Third party revenue	23,831,043	13,992,651
	28,111,982	17,866,462

At March 31, 2019 the Company has deferred revenue of $66,745 (2018: $108,105), which represents the fair value of that portion of the revenue and the Company has unbilled revenue of $ 9,927,206 (2018: $325,549).

Disagregate revenue Information

The table below presents disaggregated revenues from contracts with customers by contract-type for each of our business segments. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

Revenues by contract type	Year ended March 31, 2019
Fixed price	20,156,361
Time and materials	7,955,621
Total	28,111,982

Trade receivables and contract balances

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenue for fixed-price maintenance contracts is recognized on a straight-line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed price development contracts is based on percentage of completion method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed-price development contracts is classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

The impact on account of applying the erstwhile AASB 118 - Revenue instead of AASB 15 - Revenue from contract with customers on the financials results of the Company for year ended and as at March 31, 2019 is insignificant.

6. Cost of sales

In AUS $

Particulars	2019	2018
Travel	874,320	786,260
Employee benefit expense	10,814,436	12,455,822
Cost of third party software	11,139,397	–
External contractor expense and others	1,868,634	2,297,482
	24,696,787	15,539,564

7. Finance income

In AUS $

Particulars	2019	2018
Interest income from deposits with banks	297,496	254,033
Other miscellaneous income	9,856	343
	307,352	254,376

8. Auditors' remuneration

In AUS $

Particulars	2019	2018
Fees paid to auditors of the Company for audit of financial statements		
Audit of financial statements – Deloitte Touche Tohmatsu	21,000	21,000
	21,000	21,000

9. Expenses by nature

In AUS $

Particulars	2019	2018
Depreciation	67,063	91,774
Employee benefits	11,558,811	13,320,024
Lease expenses	510,905	576,858

10. Trade and other receivables

In AUS $

Particulars	2019	2018
Current		
Trade receivables	2,292,877	2,147,102
Unbilled revenue	5,057,603	327,514
	7,350,480	2,474,616
Amounts due from related party	185,613	226,656
	7,536,093	2,701,272
Non-current		
Unbilled revenue	4,869,603	–
	4,869,603	–

The average credit period is 30 days. No interest is charged on trade receivables. Based on the Management's best estimate, the doubtful debts amounting to AUS $ 138,365 exist as on March 31, 2019.

11. Prepayments

In AUS $

Particulars	2019	2018
Prepaid expenses	421,559	53,634
Loans and advances to employees	11,789	31,420
Advances paid for suppliers	–	72,418
	433,348	157,472
Non-current		
Prepaid expenses	628,310	–
	628,310	–

12.a Cash and cash equivalents

In AUS $

Particulars	2019	2018
Cash and cash equivalents		
Cash at bank	25,819,060	20,874,003
	25,819,060	20,874,003

12.b Cash flows from operating activities

In AUS $

Particulars	2019	2018
Reconciliation of cash flow from operations with profit after income tax	1,548,491	429,850
Adjustments for		
Depreciation	67,063	91,774
Deferred tax assets	(3,144,903)	140,037
Net tax assets (liabilities)	4,144,544	269,644
	2,615,195	931,305
Changes in		
Trade and other receivables	(4,834,821)	1,399,359
Other current assets	(4,324,872)	(33,417)
Prepayments	(904,186)	(12,747)
Trade and other payables	1,271,719	(22,237)
Other liabilities	3,706,472	(632,123)
Provisions	101,572	35,762
Employee benefits obligation	7,332,176	(570,985)
Net cash from operating activities	4,963,255	1,094,917

12.c Other current assets

In AUS $

Particulars	2019	2018
Cash on deposit as security	–	500,000
Interest accrued but not received	39,610	84,341
	39,610	584,341

13. Property, plant and equipment

In AUS $

Particulars	Plant and machinery	Furniture and fixtures	Computer equipment	Total
Cost				
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
Balance at April 1, 2018	74,702	317,834	532,019	924,555
Additions	1,109	–	17,089	18,198
Disposals	–	–	–	–
Balance at March 31, 2019	75,811	317,834	549,108	942,753
Accumulated Depreciation				
Balance at April 1, 2017	52,077	278,152	319,598	649,827
Depreciation	11,292	9,447	71,035	91,774
Disposals	–	–	–	–
Balance at March 31, 2018	63,369	287,599	390,633	741,601
Balance at April 1, 2018	63,369	287,599	390,633	741,601
Depreciation	7,217	9,422	50,424	67,063

Particulars	Plant and machinery	Furniture and fixtures	Computer equipment	Total
Disposals	–	–	–	–
Balance at March 31, 2019	70,586	297,021	441,057	808,664
Carrying amounts				
At March 31, 2018	18,856	30,235	133,863	182,954
At March 31, 2019	5,225	20,813	108,051	134,089

14. Trade and other payables

In AUS $

Particulars	2019	2018
Trade payables	1,263,529	16,787
Amounts due to related party	95,158	70,181
	1,358,687	86,968

The average credit period on purchases is 30 days from the date of invoice. No interest is charged on overdue payables. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

15. Other current liabilities

In AUS $

Particulars	2019	2018
Other current liabilities		
Accrued expenses – cost of third party software	3,564,578	–
Accrued expenses – others	966,802	720,479
Deferred revenue	66,745	108,105
Withholding taxes payable	102,051	165,120
	4,700,176	993,704
Non-current		
Accrued expenses – cost of third party software	6,546,050	–
Accrued expenses – others	830,331	246,720
	7,376,380	246,720

16. Tax assets and liabilities

a. Deferred tax assets

In AUS $

Particulars	2019	2018
Deferred tax assets		
Deferred tax assets due to timing differences		
Provision for doubtful debts	46,093	46,760
Provision for expenses	3,222,007	128,108
Provision for employee benefits	386,776	365,577
Provision for post-sale customer support	57,138	26,666
Deferred tax liabilities	–	–
Net deferred tax assets	3,712,014	567,111

b. Reconciliation of effective tax rate

In AUS $

Particulars	2019	2018
Profit before tax	2,241,375	719,317
Tax using the Company's domestic tax rate of 30% (2018: 30%)	672,412	215,795
Non-deductible expenses	20,472	73,672
Income tax expense for the period	692,884	289,467

17. Provisions

In AUS $

Particulars	2019	2018
Provision for post-service client-support	190,460	88,888
	190,460	88,888

18. Employee benefit obligations

In AUS $

Particulars	2019	2018
Current		
Provision for employee bonuses	1,347,271	1,215,417
Annual leave	555,923	478,303
Long service leave	214,227	159,180
	2,117,421	1,852,900
Non-current		
Long service leave	519,103	581,108
	519,103	581,108

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 AUS $

Particulars	2019	2018
Less than one year	661,549	639,125
Between one and five years	529,876	1,191,425
Total	1,191,425	1,830,550

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 AUS $

Particulars	2019	2018
Short-term employee benefits	366,770	746,235

21. Financial instruments

Financial instruments by category:

In AUS $

Financial assets at amortized cost	2019	2018
Cash and cash equivalents	25,819,060	20,874,003
Trade and other receivables	7,536,093	2,701,272
Other current assets	39,610	584,341
	33,394,763	24,159,616
Financial liabilities		
At amortized cost		
Trade and other payables	1,358,687	86,968
Other current liabilities	10,758,036	782,702
	12,116,723	869,670

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 AUS $

Particulars	2019	2018
Unsecured bank guarantee facility reviewed annually and payable at call-Amount used	403,317	403,317
	403,317	403,317

23. Related party transactions

The details of the related party transactions entered into by the Company during the year ended March 31 are as follows:

In AUS $

Particulars	2019	2018
Purchase of services		
Infosys BPM Limited	463,709	281,493
Infosys Management Consulting Pty Limited	62,740	–
	526,449	281,493
Sale of services		

Particulars	2019	2018
Infosys Limited	3,166,357	1,804,191
Infosys BPM Limited	1,114,502	2,116,258
Infosys Poland Sp.z.o.o	80	(46,638)
	4,280,939	3,873,811

The details of the amount due to or due from the related parties as at March 31 are as follows:

In AUS $

Particualrs	2019	2018
Trade receivables		
Infosys Limited	171,673	29,369
Infosys BPM Limited	–	191,033
	171,673	220,402
Other receivables		
Infosys Limited	13,940	5,358
Infosys BPM Limited	–	896
	13,940	6,254
Trade payables		
Infosys BPM Limited	44,229	33,248
	44,229	33,248
Other payables		
Infosys Limited	50,929	36,933
	50,929	36,933

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

In AUS $

Particulars	Ordinary shares	
	2019	2018
On issue at April 1, (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

Particulars	2019	2018
Dividend paid	–	–
	–	–

(c) Dividend franking account

In AUS $

Particulars	2019	2018
30 per cent franking credits available to shareholders of Portland Group Pty. Limited for subsequent financial years	7,491,774	7,798,531
	7,491,774	7,798,531

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 by the tax consolidated company at the year-end; and
- franking credits that the entity may be prevented from distributing in subsequent years.

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

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'):

(a) The Company is not publicly accountable nor a reporting entity;

(b) The financial statements and notes, set out on page 3 to 23, 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, 2019 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
May 13, 2019

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Infosys BPO Americas, LLC

Independent Auditor's Report

To the Board of Directors of Infosys BPO Americas, LLC

We have audited the accompanying financial statements of Infosys BPO Americas, LLC (a Delaware corporation), which comprise the balance sheets as of March 31, 2019 and 2018 and the related statements of operations, changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the Management as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Infosys BPO Americas, LLC, as of March 31, 2019 and 2018 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Sudhir Pai CPA, PLLC
Certified Public Accountants

Irving, TX

April 25, 2019

Balance Sheet

In US $

Particulars	Note no.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Current assets			
Cash and cash equivalents	3	2,275,969	432,033
Accounts receivables, net of doubtful balances		116,939	–
Unbilled revenue		141,373	–
Prepayments and other assets		35,547	85,312
Total current assets		2,569,828	517,345
Total non-current assets		–	–
Total assets		2,569,828	517,345
LIABILITIES AND EQUITY			
Current liabilities			
Loan from related parties		513,596	501,096
Trade payables		144,366	–
Provisions		5,494	–
Other liabilities		487,680	270,300
Total current liabilities		1,151,136	771,396
Non-current liabilities			
Other non-current liabilities		–	–
Total non-current liabilities		–	–
Total liabilities		1,151,136	771,396
MEMBER'S EQUITY			
Member's equity		3,000,000	1,000,000
Accumulated deficit		(1,581,308)	(1,254,051)
Total member's equity		1,418,692	(254,051)
Total liabilities and member's equity		2,569,828	517,345

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

Prem Pereira
Authorized signatory

April 25, 2019

Statement of Comprehensive Income

In US $

Particulars	Note no.	Years ended March 31,	
		2019	2018
Revenue		1,370,863	–
Cost of revenue	4	1,296,280	–
Gross profit/ (loss)		74,583	–
Other expenses			
Selling and marketing expenses		50,855	45
Administrative expenses	5	338,487	835,448
Total other expenses		389,342	835,493
Operating loss		(314,759)	(835,493)
Interest expense		12,500	1,096
Miscellaneous income		(2)	(6)
Loss before income taxes		(327,257)	(836,583)
Income tax expense		–	–
Net loss		(327,257)	(836,583)
Other comprehensive income		–	–
Total comprehensive loss		(327,257)	(836,583)

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

Prem Pereira
Authorized signatory

April 25, 2019

Statement of Changes in Equity

In US $

Particulars	Member's equity	Additional paid-in capital	Accumulated deficit	Total Member's equity
Balance as of April 1, 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	1,000,000	–	(1,254,051)	(254,051)
Changes in members equity for the year ended March 31, 2019				
Shares issued to member	–	2,000,000	–	2,000,000
Net loss for the period	–	–	(327,257)	(327,257)
Balance as of March 31, 2019	1,000,000	2,000,000	(1,581,308)	1,418,692

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

Prem Pereira
Authorized signatory

April 25, 2019

Statement of Cash Flows

In US $

Particulars	Years ended March 31,	
	2019	2018
Cash flows from operating activities		
Net loss for the period	(327,257)	(836,583)
Adjustments to reconcile net profit to net cash provided by operating activities		
Provision for service level risk on revenue contracts	5,494	–
Allowance for doubtful accounts	1,559	–
Exchange difference	(2)	(6)
Interest expense	12,500	1,096
Cash operating loss	(307,706)	(835,493)
Changes in assets and liabilities		
Accounts receivable	(117,643)	–
Prepayments and other assets	49,765	(34,587)
Unbilled revenues	(142,227)	–
Trade payables	144,366	(2,030)
Other liabilities and provisions	217,381	86,210
Net cash used in provided by operating activities	(156,064)	(785,900)
Cash flows from investing activities		
Expenditure on Property, plant and equipment	–	–
Net cash used in investing activities	–	–
Cash flows from financing activities		
Capital Infusion	2,000,000	–
Loan from related parties	–	500,000
Net cash generated in financing activities	2,000,000	500,000
Net changes in cash and cash equivalents	1,843,936	(285,900)
Cash and cash equivalents at the beginning of the period	432,033	717,933
Cash and cash equivalents at the end of the period	2,275,969	432,033
Supplementary information		
Interest paid during the period	–	–

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

Prem Pereira
Authorized signatory

April 25, 2019

1. Company overview and significant accounting policies

1.1 Company overview

Infosys BPO Americas, LLC, ('the Company') is a Mortgage fulfillment services based business that provides end to end Mortgage fulfillment 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 known as Infosys BPO Limited), a subsidiary of Infosys Limited.

1.2 Basis of preparation of financial statements

The accompanying financial statements have been prepared in conformity with U.S. Generally Accepted Accounting Principles to reflect the financial position and results of operations of the Company. The financial statements have been presented in United States Dollars.

1.3 Use of estimates

The preparation of financial statements is in conformity with U.S. Generally Accepted Accounting Principles (U.S. GAAP) requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.4 Revenue recognition

Revenue from mortgage fullfillment services, which principally relates to implementation, enhancement, training and support services associated with the Company's products, is derived under both time-and-material and fixed-price agreements. Revenue on time-and-material contracts is recognized as the related services are rendered. Revenue related to fixed-price agreements is recognized on a percentage of completion basis over the term of the agreement. In measuring progress towards completion, the input (efforts expended) method has been used. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates. Costs and earnings in excess of billings are classified as unbilled revenue while billings in excess of costs and earnings are classified as unearned revenue.

1.5 Plant and equipment

Property and equipment are stated at cost, less accumulated depreciation. The Company depreciates property and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Computer equipment	3-5 years
Office furniture and equipment	5 years

Leasehold improvements are amortized on a straight line basis over the lesser of the remaining lease term or the estimated useful life of the asset.

For computer equipment, based on internal assessment and independent technical evaluation carried out by external valuers, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets.

The cost of software purchased for internal use is accounted under FASB ASC Topic 350-40 (SOP 98-1), Accounting for the Costs of Computer Software Developed or Obtained for Internal Use. Deposits paid towards the acquisition of these long lived assets outstanding at each balance sheet date and the cost of assets not put to use before such date are disclosed under "Capital work-in-progress". Costs of improvements that substantially extend the useful life of particular assets are capitalized. Repairs and maintenance 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, the Management considers historical losses adjusted to take into account current market conditions and customers' financial condition, the amount of receivables in dispute, the current receivables aging and current payment patterns. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

1.8 Employee benefit obligations

The employees of the Company are entitled to compensated absences which is non-accumulating in nature. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.9 Income taxes

Income taxes are accounted using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred tax assets and liabilities is recognized as income or expense in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance if it is more likely than not that some portion or all of the assets will not be realized. Changes in valuation allowance from period to period are reflected in the income statement of the period of change.

2. Member's equity

At March, 2019, 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	As at March 31,	
	2019	2018
Current account	2,275,969	432,033

4. Cost of revenue

In US $

Particulars	Years ended March 31,	
	2019	2018
Salaries	723,344	–
Subcontractor charges	566,432	–
Others	6,504	–
Total	1,296,280	–

5. Administrative expenses

In US $

Particulars	Years ended March 31,	
	2019	2018
Salaries	187,358	532,131
Legal & Professional charges	33,381	123,340
Others (Insurance,Rates and taxes)	117,748	179,977
Total	338,487	835,448

6. 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 company. during the period ended March 31, 2019, except as disclosed below. The summary of material related party transactions during the period is as follows:

In US $

Name of the party	Nature of transaction	For the period ended March 31, 2019	Closing as on March 31, 2019
Infosys Public Services Limited	Loan	–	513,596
Infosys BPM	Capital Infusion	2,000,000	3,000,000

7. 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

Prem Pereira
Authorized signatory

April 25, 2019

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 December 31, 2018, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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, 2018 comply with Swiss law and the Company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 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.

We draw attention to the fact that the annual General Meeting for the year ended 31 December 2017 was not held within six months following the Balance Sheet date, which is in breach of article 699 paragraph 2 CO.

Deloitte AG

Marco Hoogendijk	Beni Furrer
Licensed Audit Expert	*Licensed Audit Expert*
Auditor in Charge	

Zurich

April 2019 MHO/BFU/dso

Enclosures

- Financial statements (Balance Sheet, income statement and notes)
- Proposed appropriation of available earnings

Balance Sheet

In CHF

Particulars	Note no.	December 31, 2018	December 31, 2017
ASSETS		2018	2017
Cash and cash equivalents		3,361,602.61	3,697,526.28
Other short-term receivables from third parties		17,959.81	125,182.11
Other short-term receivables from subsidiaries		3,431,651.23	3,344,531.04
Total current assets		6,811,213.65	7,167,239.43
Loans to subsidiaries		15,797,150.00	30,816,766.38
Loans to affiliates		11,631,331.57	1,358,638.59
Investments	2.1	18,813,785.65	24,443,058.92
Total non-current assets		46,242,267.22	56,618,463.89
Total assets		53,053,480.87	63,785,703.32
LIABILITIES AND EQUITY			
Trade accounts payable to third parties		3,406.07	–
Other short-term liabilities to third parties		758.93	20.74
Other short-term liabilities to entities in which the entity holds a participation		2,710.19	22,858.95
Accrued expenses and deferred income		112,542.03	144,448.36
Total short-term liabilities		119,417.22	167,328.05
Loans from subsidiaries		4,802,120.70	17,359,894.88
Loans from shareholder		15,529,109.59	15,091,438.36
Total long-term liabilities		20,331,230.29	32,451,333.24
Total liabilities		20,450,647.51	32,618,661.29
Share capital	2.2	25,696,000.00	26,290,000.00
Statutory retained earnings		1,449,200.00	1,335,200.00
Voluntary retained earnings		4,021,842.03	1,860,014.04
Net profit/ (loss) for the year		1,435,791.33	2,286,849.99
Treasury shares	2.3	–	(605,022.00)
Total equity		32,602,833.36	31,167,042.03
Total liabilities and equity		53,053,480.87	63,785,703.32

Income Statement

In CHF

Particulars	Note no.	December 31,	
		2018	2017
Dividends		7,332,122.39	5,179,808.13
Gross profit		7,332,122.39	5,179,808.13
Office and administration expenses		(56,011.11)	(23,229.77)
Consulting expenses		(349,959.28)	(286,860.45)
Operating expenses		(405,970.39)	(310,090.22)
Earnings before interest and tax (EBIT)		6,926,152.00	4,869,717.91
Financial expenses		(1,350,828.50)	(1,833,129.36)
Financial income		1,084,265.23	734,501.08
Net financial result		(266,563.27)	(1,098,628.28)
Extraordinary expenses	2.4	(5,218,864.78)	(1,344,620.87)
Net extraordinary result		(5,218,862.11)	(1,344,620.87)
Earnings/ (loss) before tax (EBT)		1,440,726.62	2,426,468.76
Tax expenses		(4,935.29)	(139,618.77)
Net profit/ (loss) for the year		1,435,791.33	2,286,849.99

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.

Notes to the financial statements

2. Information on the Balance Sheet and Income Statement items

2.1 Investments

Particulars	Currency	2018	2017
Company: Infosys Consulting GmbH			
Location: Garching b. München, Germany			
Share capital	EUR	3,586,000.00	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	1,450,000.00
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	0.00	100,000.00
Directly held percentage of ownership and voting rights		0.00%	100.00%
Company: Infosys Consulting Sp. z o.o.			
Location: Wroclaw, Poland			
Share capital	PLN	1,000,000.00	1,000,000.00
Directly held percentage of ownership and voting rights		100.00%	100.00%
Company: Infosys Management Consulting Pty Ltd			
Location: Pyrmont, Australia			
Share capital	AUD	3,500,300.00	3,500,300.00
Directly held percentage of ownership and voting rights		100.00%	100.00%
Company: Infy Consulting Company Ltd.			
Location: London, UK			

Particulars	Currency	2018	2017
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 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	10,718,300.00	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	80,000.00
Directly held percentage of ownership and voting rights		100.00%	100.00%
Company: Lodestone Management Consultants China Co., Ltd.			
Location: Shanghai, China			
Share capital	USD	6,930,000.00	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
Directly held percentage of ownership and voting rights		0.000000%	99.999988%
Company: Lodestone Management GmbH			
Location: Wien, Austria			
Share capital	EUR	–	80,000.00
Directly held percentage of ownership and voting rights		0.00%	100.00%
Company: Infosys Consulting S.R.L.			
Location: Buenos Aires, Argentina			
Share capital	ARS	8,860,000.00	8,860,000.00
Directly held percentage of ownership and voting rights		93.79%	93.79%
Indirectly held percentage of ownership and voting rights		6.21%	6.21%
Business purpose of the companies: Management Consulting			

2.2 Share capital

As at December 31, 2018, the share capital consisted of 23,050 common shares of CHF 1,000 at par value and 26,460 preferred shares of CHF 100 at par value.

2.3 Treasury shares

Particulars	2018	2017
Treasury shares - CHF	–	605,022.00
Number of shares - common stock	–	300
Number of shares - preferred stock	–	2,940

2.4 Extraordinary expenses

The extraordinary expenses contain valuation adjustments on investments as well as a loss related to the sales of Infosys Consulting Ltda, Lodestone Management GmbH and the closure of Lodestone Management Consultans Inc.

2.5 Leasing liabilities

In CHF

Particulars	2018	2017
Off-balance leasing liabilities	–	–

2.6 Guarantees

In CHF

Particulars	2018	2017
Rental guarantee on behalf of Infosys Consulting AG	503,200.00	503,200.00
Rental guarantee on behalf of Infosys Consulting (Belgium) SA	–	40,120.80
Payment guarantee on behalf of Infosys Consulting AG	50,000.00	50,000.00

2.7 Full-time equivalents

The Company does not have any employees (2017: no employees).

2.8 Subsequent events

On January 31, 2019, the Company sold its 100% interest in S.C. Infosys Consulting S.R.L. with a carrying amount of CHF 2,656,140 as at December 31, 2018 to Infosys Limited for a total cash consideration of CHF 4,804,360.

Proposal on the appropriation of voluntary retained earnings

The Board of Directors proposes to appropriate the voluntary retained earnings as follows:

In CHF

Particulars	2018	2017
Voluntary retained earnings (brought forward)	4,021,842.03	1,860,014.04
Net profit/ (loss) for the year	1,435,791.33	2,286,849.99
Total voluntary retained earnings	5,457,633.36	4,146,864.03
Allocation to legal reserve (5 %)	(72,000.00)	(114,000.00)
Dividend	–	–
Deletion of reserve for treasury shares		(11,022.00)
To be carried forward	5,385,633.36	4,021,842.03

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Infosys Management Consulting Pty. Limited

Independent Auditor's Report

To the Board of Directors of Infosys Management Consulting Pty. Limited

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, 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 December 31, 2018 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 Auditor's 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 auditor's 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, 2018, but does not include the financial report and our auditor's 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.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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
March 8, 2019

Directors' Report

The directors present their report together with the financial report of Infosys Management Consulting Pty. Limited (the Company), for the financial year ended December 31, 2018 and the auditor's report thereon.

1. Directors

The directors of the Company at any time during or since the end of the financial year are:

Mr Joost Alexander Hoeve	Appointed February 29, 2012
Mr Geoffrey Anton Leong	Appointed May 16, 2016

2. Company Secretary

Mr Joost Alexander Hoeve was appointed as Company Secretary on November 30, 2012.

3. Principal activities

Infosys Management Consulting Pty. Limited supports clients in designing and delivering simple and pragmatic solutions to their complex business problems. The focus is set on processes, data and systems, enabling operating models which work pragmatically and efficiently in today's complex and global business environment.

The strategy of the business is: remaining cost competitive and to increase the market share by owning our client's business challenges, identifying new opportunities and reimagine business solutions to help create new markets and disrupt existing ones.

There were no other significant changes in the nature of the activities of the Company during the year.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

4. Dividends

No dividends were paid during the year and the directors do not recommend the payment of a dividend.

5. Operating and financial review

The profit after tax for the year ended December 31, 2018 amounted to $1,134,485 (2017 Profit after tax of $2,548,699). This was primarily a result of an decrease of revenue from $27,651,167 in year 2017 to $22,824,970 in year 2018, decrease of cost of sales from $23,115,652 in year 2017 to $19,295,042 in year 2018 and increase of tax expense from tax income $877,131 in year 2017 to tax expense $521,491 in year 2018.

6. Environmental regulation

The Company's operations are not regulated by any significant environmental regulation under a law of the commonwealth or of a state or territory. However, the Board believes that the Company has adequate systems in place for the management of its environmental requirements, and is not aware of any beach of those environmental requirements as they apply to the Company.

7. Events subsequent to reporting date

No matters or circumstances have arisen since the end of the financial year and the date of this report which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

8. Likely developments

The Company will continue to pursue its policy of profitability and market share of its major business sectors during the next financial year.

Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information is likely to result in unreasonable prejudice to the Company.

9. Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the of the financial year, for any person who is or has been an officer or auditor of the Company.

10. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 28 and forms part of the directors' report for the financial year ended December 31, 2018.

This report is made with a resolution of the directors:

Joost Alexander Hoeve
Director

Sydney
March 8, 2019

Statement of Financial Position

In AUS $

Particulars	Note no.	As at December 31,	
		2018	2017
Assets			
Cash and cash equivalents	8	3,461,562	3,371,383
Trade and other receivables	9	2,140,122	2,041,123
Other assets		7,056	20,305
Total current assets		5,608,740	5,432,811
Property, plant and equipment	10	20,338	45,975
Net deferred tax assets	7a	718,227	667,862
Total non-current assets		738,565	713,837
Total assets		6,347,305	6,146,648
Liabilities			
Trade payables	11	(162,113)	(53,236)
Other payables	12	(449,912)	(751,414)
Loans and borrowings	15	–	(1,206,136)
Current tax liabilities		(181,269)	–
Provisions	14	(1,827,825)	(1,591,665)
Deferred income	13	–	(30,228)
Total current liabilities		(2,621,119)	(3,632,679)
Provisions	14	(452,817)	(375,085)
Total non-current liabilities		(452,817)	(375,085)
Total liabilities		(3,073,936)	(4,007,764)
Surplus/ (deficiency) in net assets		3,273,369	2,138,884
Equity			
Share capital	16	3,500,300	3,500,300
Accumulated losses		(226,931)	(1,361,416)
Surplus/ (deficiency) in equity		3,273,369	2,138,884

Statement of Profit or Loss and Other Comprehensive Income

In AUS $

Particulars	Note no.	Years ended December 31, 2018	
		2018	2017
Revenue	5	22,824,970	27,651,167
Cost of sales	6b	(19,295,042)	(23,115,652)
Gross profit		3,529,928	4,535,515
Administrative expenses	6d	(797,708)	(839,970)
Other expenses	6c	(1,036,862)	(1,894,689)
Operating profit		1,695,358	1,800,856
Finance income	6a	1,037	–
Finance costs	6a	(40,419)	(129,288)
Net finance costs		(39,382)	(129,288)
Profit before tax		1,655,976	1,671,568
Income tax expense	7b	(521,491)	877,131
Profit for the year		1,134,485	2,548,699
Other comprehensive income, net of tax		–	–
Total comprehensive income		1,134,485	2,548,699

Statement of Changes in Equity

In AUS $

Particulars	Share capital	Year ended December 31, 2018	
		Accumulated losses	Surplus/ (deficiency) in equity
Balance 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 for the year	–	2,548,699	2,548,699
Transactions with owners of the Company			
Issue of ordinary shares	3,500,000	–	3,500,000
Dividends to equity holder	–	–	–
Total transactions with owners of the Company	3,500,000	–	3,500,000
Balance at December 31, 2017	3,500,300	(1,361,416)	2,138,884
Balance at January 1, 2018	3,500,300	(1,361,416)	2,138,884
Total other comprehensive income	–	–	–
Profit for the year	–	1,134,485	1,134,485
Total comprehensive income for the year	–	1,134,485	1,134,485
Transactions with owners of the Company			
Issue of ordinary shares	–	–	–
Dividends to equity holder	–	–	–
Total transactions with owners of the Company	–	–	–
Balance at December 31, 2018	3,500,300	(226,931)	3,273,369

Statement of Cash Flows

In AUS $

Particulars	Note no.	Years ended December 31, 2018	
		2018	2017
Cash flows from operating activities			
Cash receipts from customers		25,005,620	28,890,390
Cash paid to suppliers and employees		(23,286,415)	(28,964,248)
Cash (used in)/ generated from operations		1,719,205	(73,858)
Interest (paid)/ received net	6a	(21,981)	(89,386)
Income tax (paid)/ refund received		(390,587)	52,856
Net cash (used in)/ from operating activities	18	1,306,637	(110,388)
Cash flows from investing activities			
Purchase of property, plant and equipment		(10,322)	(9,501)
Net cash used in investing activities		(10,322)	(9,501)
Cash flows from financing activities			
Proceeds from issue shares from parent company		–	3,500,000
Proceeds from/ (repayment of) borrowings from holding company		(1,206,136)	(2,462,208)
Net cash from financing activities		(1,206,136)	1,037,792
Net increase/ (decrease) in cash and cash equivalents		90,179	917,903
Cash and cash equivalents at January 1		3,371,383	2,453,480
Cash and cash equivalents as at December 31		3,461,562	3,371,383

Notes to the Financial Statements

1. Reporting entity

Infosys Management Consulting Pty. Limited(the "Company'), previously Lodestone Management Consultants Pty Ltd, is a company domiciled in Australia, whereby the Company's name was changed on February 1, 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, 2018. The Company is a for-profit entity and is primarily involved in specialized IT consulting service.

2. Basis of preparation

(a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Corporations Act, 2001 and Australian Accounting Standards – Reduced Disclosure Requirements, and comply with other requirements of the law.

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 authorized by the directors on March 8, 2019.

(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 revised 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

AASB 9 Financial Instruments: Classification and Measurement (effective for annual periods beginning on or after January 1, 2018) – AASB 9 was issued by the IASB in November 2009 and amended in November 2013 to include the new requirements for general hedge accounting. Another revised version of AASB 9 was issued in July 2014 mainly to include, a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments. In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model. This standard has not impacted the Company's financial position or performance, as the Company does not have any financial instruments which are designated through profit or loss category.

(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 of the Balance Sheet.

(ii) Non-derivative financial liabilities

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

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

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

(iii) Share Capital

Ordinary shares

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

(c) Property, plant and equipment

(i) Recognition and measurement

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

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted 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 the Management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

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

Interest on the impaired asset continues to be recognized through the unwinding of the discount. When an event occurring after the impairment was recognized causes 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 (Refer to Note 3(f)(ii)).

(g) Provisions

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

(h) Onerous contracts

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

(i) Revenue

AASB 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after January 1, 2018) – In May 2014, AASB 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. AASB 15 will supersede the current revenue recognition guidance including AASB 118 Revenue, AASB 111 Construction Contracts and the related interpretation when it becomes effective. The Company's main source of income is from specialized IT consulting services and, implementing and maintaining SAP software for the Company's client base. Under AASB 118, the entity use to recognize revenue using the output method i.e. right to invoicing based on the consultants being provided and costs being incurred. The erstwhile revenue recognition method remain same even in the new standard under AASB 15. Hence, there is no impact on revenue accounting on transition to AASB 15.

(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 (Refer to Note 9). If progress billings and recognized losses exceed costs incurred plus recognized profits, then the difference is presented as deferred income in the statement of financial position. Customer advances are presented as deferred income in the statement of financial position (Refer to Note 13).

(j) Leases

(i) Lease payments

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

(ii) Determining whether an arrangement contains a lease

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

on the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and

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

(m) Goods and service tax

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

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

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

(n)New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 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, 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 and 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 AUS $

Particulars	As at December 31, 2018	As at December 31, 2017
Related party revenue	22,811,785	27,019,727
Third party revenue	13,185	631,440
Total	22,824,970	27,651,167

As at December 31, 2018, the Company has $ Nil amount of deferred revenue (2017: $ 30,228), which represents the fair value of that portion of the revenue (Refer to Note 13).

6a. Finance income and finance costs

In AUS $

Particulars	As at December 31, 2018	As at December 31, 2017
Finance income		
Interest received	1,037	–
	1,037	–
Finance costs		
Interest expense on loan and borrowings	(23,018)	(89,386)
Net unrealized/ realized foreign currency loss	(17,401)	(39,902)
	(40,419)	(129,288)
Net finance (expense)	(39,382)	(129,288)

6b. Cost of sales

In AUS $

Particulars	As at December 31, 2018	As at December 31, 2017
Travel	1,474,255	1,494,478
Employee benefits expense	15,238,706	16,163,088
External contractor expense	2,582,081	5,458,086
	19,295,042	23,115,652

6c. Other expenses

In AUS $

Particulars	As at December 31, 2018	As at December 31, 2017
Depreciation expense	35,959	90,830
Other expense	1,000,903	1,803,859
	1,036,862	1,894,689

6d. Administrative expenses

In AUS $

Particulars	As at December 31, 2018	As at December 31, 2017
Communications	217,921	350,751
Legal and accounting	46,521	61,079
Back office expense	74,246	53,870
Employee benefit expense	459,020	374,270
	797,708	839,970

6e. Employee expense

In AUS $

Particulars	As at December 31, 2018	As at December 31, 2017
Employee salary	12,149,147	13,545,410
Employee bonus	1,152,956	818,164
Annual leave and long service leave	255,429	(119,983)
Superannuation	1,256,613	1,343,617
Other employee related expenses	979,336	1,116,803
	15,793,481	16,704,011

7. Tax expense

(a) Deferred tax asset

In AUS $

Particulars	As at December 31, 2018	As at December 31, 2017
Deferred tax assets - timing differences	(722,986)	(616,108)
Deferred tax assets - carry forward losses	–	(61,692)
Deferred tax liabilities	4,759	9,938
	(718,227)	(667,862)

(b) Reconciliation of effective tax rate

In AUS $

Particulars	As at December 31, 2018	As at December 31, 2017
Profit/ (loss) before tax	1,655,976	1,671,568
Tax using the Company's domestic tax rate of 30% (2017: 30%)	496,793	501,470
Recognition of previously unrecognized timing differences	31,997	(652,729)
Recognition of previously unrecognized unused tax losses	–	(545,643)
Derecognition of the current period tax losses and temporary difference		
Catch-up deferred tax accounted	(7,299)	–
Non-deductible tax expenses	–	29,040
Derecognition of previously recognized tax expense	–	(52,855)
Tax (reversal)/ expense in a foreign jurisdiction	–	(156,414)
Income tax (reversal)/ expense for the year	521,491	(877,131)

8. Cash and cash equivalents

In AUS $

Particulars	As at December 31, 2018	2017
Cash and cash equivalents	3,461,562	3,371,383

9. Trade and other receivables

In AUS $

Particulars	As at December 31, 2018	2017
Trade receivable due from related party	2,128,873	1,967,511
Other receivables	11,249	73,612
	2,140,122	2,041,123

The average credit period on sale is 30 days.

10. Property, plant and equipment

In AUS $

Particulars	Leasehold improvement/ installation	IT equipment/ office machines	Furniture	Total
Cost				
Balance on January 1, 2017	205,163	333,217	32,518	570,898
Additions	–	–	9,501	9,501
Disposals/ write off	–	(92,107)	–	(92,107)
Balance on December 31, 2017	205,163	241,110	42,019	488,292
Depreciation and impairment losses				
Balance on 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 on 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

In AUS $

Particulars	Leasehold improvement/ installation	IT equipment/ office machines	Furniture	Total
Cost				
Balance on January 1, 2018	205,163	241,110	42,019	488,292
Additions	–	10,322	–	10,322
Disposals/ write off	–	(55)	–	(55)
Balance on December 31, 2018	205,163	251,377	42,019	498,559
Depreciation and impairment losses				
Balance on January 1, 2018	(205,163)	(202,637)	(34,517)	(442,317)
Depreciation for the year	–	(34,059)	(1,900)	(35,959)
Disposals/ write off	–	55	–	55
Balance on December 31, 2018	(205,163)	(236,641)	(36,417)	(478,221)
Carrying amounts				
As at January 1, 2018	–	38,473	7,502	45,975
As at December 31, 2018	–	14,736	5,602	20,338

11. Trade payables

In AUS $

Particulars	2018	2017
Trade payables due to related party	37,261	52,250
Other trade payables	124,852	986
	162,113	53,236

12. Other payables

In AUS $

Particulars	As at December 31, 2018	As at December 31, 2017
Accrued superannuation expense	–	141,167
Accrued subcontractor expenses	121,900	276,907
Other accruals	252,233	250,978
Payroll tax	75,779	82,362
	449,912	751,414

13. Deferred income

In AUS $

Particulars	As at December 31, 2018	As at December 31, 2017
Revenue billed in advance	–	30,228
	–	30,228

14. Provisions

Employee benefits

In AUS $

Particulars	As at December 31, 2018	As at December 31, 2017
Current		
Annual leave	814,521	647,737
Long service leave outstanding	67,145	56,232
Accrued bonus	946,159	887,696
Total current	1,827,825	1,591,665
Non-current		
Long service leave outstanding	452,817	375,085
Total non-current	452,817	375,085
Total employee provisions	2,280,642	1,966,750

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 AUS $

Particulars	As at December 31, 2018	As at December 31, 2017
Current liabilities		
Loan due to Infosys Consulting Holding AG	–	1,206,136
	–	1,206,136

Interest is payable at 3% pa.

16. Capital and reserves

Share capital

In numbers

Particulars	As at December 31, 2018	As at December 31, 2017
On issue at January 1	3,500,300	300
Add: shares issued during the year	–	3,500,000
On issue at December 31	3,500,300	3,500,300

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 (2017: $ nil).

Dividend franking account

In AUS $

Particulars	As at December 31, 2018	As at December 31, 2017
30 per cent franking credits available to shareholders of Infosys Management Consulting Pty. Limited for subsequent financial years	887,513	496,927
	887,513	496,927

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

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

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

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

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

The ability to utilize the franking credits is dependent upon 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 AUS $

Particulars	As at December 31,	
	2018	2017
Short-term employee benefits	1,114,252	904,797

18. Reconciliation of cash flow from operating activities

In AUS $

Particulars	As at December 31,	
	2018	2017
Reconciliation of cash flow from operations with profit after income tax		
Profit/ (loss) for the year after tax	1,134,485	2,548,699
Adjustments for:		
Depreciation expense	35,958	90,830
Loss on sales of fixed assets	–	1,446
Income tax expense	521,491	(877,131)
Operating profit/ (loss) before changes in working capital	1,691,934	1,763,844
Decrease/ (increase) in trade and other receivables	(85,751)	(1,476,116)
(Decrease)/ increase in trade and other payables	(205,112)	(409,995)
(Decrease)/ increase in provision and employee benefits	313,893	(49,778)
Increase/ (decrease) in deferred income	(17,740)	8,801
Income tax	(390,587)	52,856
Net cash from/ (used in) operating activities	1,306,637	(110,388)

19. Related party transactions

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

In AUS $

Particulars	As at December 31,	
	2018	2017
REVENUE TRANSACTIONS		
Sale of services		
Infosys Limited	17,605,002	21,235,854
Infosys Consulting GmBH	4,482,998	5,707,137
Infosys BPM Limited	665,261	76,737
Portland Group Pty Ltd	58,524	–
	22,811,785	27,019,728
Purchase of services		
Infosys Consulting GmBH	18,660	83,291
Infosys consulting Holding AG	5,928	–
Infosys Consulting Pte Ltd	102,693	88,442
Infy Consulting BV	12,105	–
Infosys Consulting AG	155,048	152,081
	294,434	323,814
Employee stock compensation	16,466	13,042
CAPITAL TRANSACTION		
Repayment of loan - Infosys Consulting Holding AG	1,225,748	3,040,000
Loan received during the year - Infosys Consulting Holding AG	–	(500,000)
	1,225,748	2,540,000
Interest expense		
Infosys Consulting Holding AG	19,965	86,436
	19,965	86,436

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

In AUS $

Particulars	As at December 31,	
	2018	2017
Trade receivables		
Infosys Limited	1,381,637	1,342,249
Infosys Consulting GmBH	379,355	529,817
Portland Group Pty Ltd	13,580	–
Infosys Consulting AG	–	46,390
Infosys BPO Limited	354,301	49,055
	2,128,873	1,967,511
Other receivable		
Infosys Consulting Holding AG	1,643	–
Trade Payables		
Infosys Consulting GmBH		21,816
Infosys Consulting Pte Ltd	17,828	2,075
Infy Consulting BV	12,124	–
Infosys Consulting Holding AG	5,932	–
Infosys Limited	646	24,041
Infosys Consulting AG	731	4,318
	37,261	52,250
Provision expense		
Employee stock comp	30,273	11,498
Loan due to Holding		
Loan due to Infosys Consulting Holding AG	–	1,206,136

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 AUS $

Particulars	As at December 31,	
	2018	2017
Less than one year	43,642	43,642
Between one and five years	–	–
Total	43,642	43,642

21. Financial instruments

Financial instruments by category

In AUS $

Financial assets	As at December 31,	
	2018	2017
Cash and cash equivalents	3,461,562	3,371,383
Loans and receivables	2,128,873	1,995,357
Financial liabilities		
At amortized cost		
Trade payables	(162,113)	(53,236)
Other payables	(326,653)	(527,885)
Loans and Borrowings	–	(1,206,136)

22. Auditors' remuneration

In AUS $

Particulars	As at December 31,	
	2018	2017
Audit of financial reports*	25,000	20,000
Other services	–	–
Total	25,000	20,000

*The audit fees for 2017 and 2018 is payable to Deloitte Touche Tohmatsu.

23. Ultimate parent entity

As at, and throughout the financial year ending December 31, 2018, the parent entity of the Company was Infosys Consulting Holding AG, incorporated in Switzerland, and the ultimate parent is Infosys Limited, 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 Board of Directors will continue to monitor the return on capital, and level of dividends to ordinary shareholders.

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

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

Directors' declaration

In the opinion of the directors of Infosys Management Consulting Pty. Limited("the Company'):

(a) the Company is not publicly accountable nor a reporting entity;

(b) the financial statements and notes, set out on pages 4 to 26, 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 December 31, 2018 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date in accordance with the statement of compliance and basis of preparation described in Notes 1 to 3;

  (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 the directors:

Joost Alexander Hoeve
Director

Sydney

March 8, 2019

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 auditor, we have audited the accompanying financial statements of Infosys Consulting AG, which comprise the Balance Sheet as at December 31, 2018, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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, 2018 comply with Swiss law and the Company's Articles of Incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 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

Beni Furrer
Licensed Audit Expert

Zurich

April 1, 2019

MHO/BFU/dso

Enclosures

- Financial statements (balance sheet, income statement and notes)
- Proposed appropriation of available earnings

Balance Sheet

In CHF

Particulars	Note no.	As it December 31,	
		2018	2017
ASSETS			
Cash and cash equivalents		5,827,986.18	2,191,264.84
Receivables from third parties		7,125,911.45	4,658,909.01
Receivables from other group companies		10,260,992.59	11,519,510.36
Other short-term receivables		708,553.88	1,454,802.70
Prepaid expenses and accrued income		4,272,960.54	5,013,603.23
Total current assets		28,196,404.64	24,838,090.14
Loans to other group companies		1,538,259.36	1,465,008.91
Investments	2.1	65,118.06	65,118.06
Tangible assets	2.2	73,782.13	205,530.47
Total non-current assets		1,677,159.55	1,735,657.44
Total assets		29,873,564.19	26,573,747.58
LIABILITIES AND EQUITY			
Accounts payable to third parties		862,737.60	1,018,781.19
Accounts payable to other group companies		548,207.97	455,381.52
Other short-term liabilities	2.3	1,265,283.24	1,472,176.58
Accrued expenses and deferred income		8,681,419.13	7,725,668.25
Total short-term liabilities		11,357,647.94	10,672,007.54
Loans from shareholder		1,760,171.72	5,536,565.22
Total long-term liabilities		1,760,171.72	5,536,565.22
Total liabilities		13,117,819.66	16,208,572.76
Share capital	2.4	120,000.00	120,000.00
Statutory retained earnings		60,000.00	60,000.00
Voluntary retained earnings		10,185,174.82	7,879,153.32
Net profit for the year		6,390,569.71	2,306,021.50
Total equity		16,755,744.53	10,365,174.82
Total liabilities and equity		29,873,564.19	26,573,747.58

Income Statement

In CHF

Particulars	Note no.	Years ended December 31,	
		2018	2017
Consulting revenue		31,009,307.00	39,664,748 .00
Other service revenue		27,896,188.00	31,240,142.00
Revenue discounts		931,848 .00	(659,808.00)
Trade revenue (net)		59,837,343 .00	70,245,082.00
Total cost of services		(21,380,181.00)	(27,248,445.00)
Gross profit		38,457,162 .00	42,996,637.00
Personnel expenses		(28,851,324.00)	(36,769,202.00)
Office rental fees		(630,337.00)	(790,112.00)
Maintenance, repair and IT expenses		(428,383.00)	(758,788.00)
Administration and general expenses		(173,357.00)	(213,121.00)
Consulting (Accounting, tax, legal) expenses		(400,215.00)	(588,238.00)
Marketing expenses		(251,225.00)	(321,595.00)
Depreciation and amortization		(132,786.00)	(270,277.00)
Total operating expenses		(30,867,627.00)	(39,711,333.00)
Earnings before interest and taxes (EBIT)		7,589,534.68	3,285,304.12
Financial expenses		(208,607.00)	(145,520.00)
Financial income		27,103.77	(15,253.00)
Net financial result		(181,503.00)	(160,774.00)
Extraordinary expenses		(17,459.00)	(91,367.00)
Extraordinary income		27,031.39	75,465.10
Net extraordinary result		9,572.64	(15,902.00)
Earnings before tax (EBT)		7,417,604.58	3,108,628.30
Tax expenses		(1,027,035.00)	(802,607.00)
Net profit for the year		6,390,569.71	2,306,021.50

Notes to the Financial Statement

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

1. Principles

1.1 Accounting year

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

1.2 General aspects

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

1.3 Revenue recognition

The method for recognizing revenues and cost depends on the nature of the services rendered and on the substance of the contractual agreement. Revenues and costs generated under time-and-material contracts are recognized as services are rendered. An expected project loss is recognized as an expense immediately. Revenue 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 straightline 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 income statement 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 Swiss law.

2. Information on Balance Sheet and Income Statement Items

2.1 Investments

Company: Infosys Consulting S.R.L.

Location: Buenos Aires, Argentina

Particulars	Currency	Years ended December 31,	
		2018	2017
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	Years ended December 31,	
	2018	2017
Installations and equipment	37,578.72	35,787.48
Vehicles	36,203.41	169,742.99
Total	73,782.13	205,530.47

2.3 Other short-term liabilities

In CHF

Particulars	Years ended December 31,	
	2018	2017
Liabilities due to third parties	1,265,283.24	1,472,176.58
Total	1,265,283.24	1,472,176.58

2.4 Share capital

As at December 31, 2018, the share capital consists of 1,200 equity shares of CHF 100 at par value.

3. Other information

3.1 Full-time equivalents

The annual average number of 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 twelve months or which cannot be canceled within the next twelve months is as follows:

In CHF

Particulars	Years ended December 31,	
	2018	2017
Up to 1 year	976,749.96	976,749.96
1–5 years	3,906,999.84	1,709,312.43
More than 5 years	1,709,312.43	–
Total	6,593,062.23	2,686,062.39

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

In CHF

Particulars	Years ended December 31,	
	2018	2017
Accounts receivable	470,900.00	509,000.00
Fixed assets	–	–
Provisions/ accruals	–	–
Total	470,900.00	509,000.00
Increase/ (dissolution) of hidden reserve:	(38,100)	

Proposal on the appropriation of voluntary retained earnings

The Board of Directors proposes to appropriate the voluntary retained earnings (available earnings) as follows:

Particulars	Years ended December 31,	
	2018	2017
Voluntary retained earnings (brought forward)	10,185,174.82	7,879,153.32
Net profit for the year	6,390,569.71	2,306,021.50
Total voluntary retained earnings	16,575,744.53	10,185,174.82
To be carried forward	16,575,744.53	10,185,174.82

Infosys Consulting GmbH

Independent Auditor's Report

To Infosys Consulting GmbH, Garching near Munich, Germany

Audit Opinions

We have audited the annual financial statements of Infosys Consulting GmbH, Garching near Munich, Germany, which comprise the Balance Sheet as at December 31, 2018, and the Statement of Profit and Loss for the financial year from 1 January to December 31, 2018, and the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Infosys Consulting GmbH, Garching near Munich, Germany, for the financial year from 1 January to December 31, 2018.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2018 and of its financial performance for the financial year from 1 January to December 31, 2018 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) Sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 German Commercial Code (HGB) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprufer (IDW). Our responsibilities under those requirements and principles are further described in the 'Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report' section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional 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 audit opinions on the annual financial statements and on the management report.

Responsibilities of the Executive Directors for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 German Commercial Code (HGB) and in compliance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprufer (IDW) will always detect a material misstatement. 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 financial statements and this management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual financial statements and of the management 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 audit 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 controls.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive 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 the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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.

Deloitte GmbH

Wirtschaftsprufungsgesellschaft

Signed: Franz Klinger Wirtschaftsprufer
German Public Auditor

Signed: Marco Farrenkopf Wirtschaftsprufer
German Public Auditor

Munich, Germany

April 30, 2019

Balance Sheet

Assets

In €

	Particulars			As at December 31, 2018	As at December 31, 2017
A.	Fixed assets				
	Property, plant and equipment				
	Other assets, operating and office equipment			238,985.85	256
B.	Current assets				
I.	Inventories				
	Work in progress		48,220.31		58
II.	Receivables and other assets				
1.	Trade receivables	12,357,452.42			17,937
2.	Receivables from affiliated companies	2,100,778.76			1,895
3.	Other assets	640,473.34			1,755
			15,098,704.52		21,587
III.	Cash-in-hand and bank balances		7,431,980.35		4,903
				22,578,905.18	26,548
C.	Prepaid expenses			194,175.44	7
D.	Deficit not covered by equity			0.00	975
				23,012,066.47	27,786

Equity and liabilities

In €

	Particulars		As at December 31, 2018	As at December 31, 2017
A.	Equity			
I.	Issued capital	86,000.00		86
II.	Capital reserves	3,500,000.00		0
III.	Accounting loss	(1,499,965.36)		(1,061)
			2,086,034.64	(975)
	Deficit not covered by equity		0.00	975
	(Shown under assets D)			
			2,086,034.64	0
B.	Provisions			
1.	Provisions for taxes	1,180,318.34		4,491
2.	Other provisions	9,780,717.62		11,564
			10,961,035.96	16,055
C.	Liabilities			
1.	Prepayments received on orders	300,001.50		310
2.	Trade payables	302,641.50		2,413
3.	Liabilities to affiliated companies	3,086,546.91		6,140
4.	Other liabilities	3,375,805.96		2,868
	thereof taxes: EUR 1,248,854.74 (prior year: kEUR 2,695)			
			9,964,995.87	11,731
			23,012,066.47	27,786

Statement of Profit and Loss

In €

	Particulars		As at December 31, 2018	2017
1.	Revenue		86,196,909.30	90,312
2.	Decrease in work in progress		(9,634.34)	(106)
3.	Other operating income		692,251.31	703
4.	Cost of materials			
	Cost of purchased services		(50,570,299.63)	(47,478)
5.	Employee benefit expenses			
a)	Wages and salaries	(22,881,764.51)		(24,913)
b)	Social security and post-employment costs	(3,562,146.82)		(4,536)
			(26,443,911.33)	(29,449)
6.	Depreciation and write-downs of property, plant and equipment		(97,147.10)	(93)
7.	Other operating expenses		(10,170,702.72)	(15,210)
8.	Other interest and similar income		0.00	1
9.	Interest and similar expenses		(26,206.74)	(52)
10.	Taxes on income		(9,994.35)	158
11.	Earnings after tax		(438,735.60)	(1,214)
12.	Other taxes		0.00	0
13.	Loss for the year		(438,735.60)	(1,214)
14.	Accumulated losses brought forward (prior year: retained profits brought forward)		(1,061,229.76)	153
15.	Accounting loss		(1,499,965.36)	(1,061)

Notes to the Financial Statements

I. General information on the annual financial statements

The Balance Sheet and the Statement of Profit and Loss have been prepared in accordance with the regulations of the German Commercial Code (HGB).

As at the Balance Sheet date, the Company 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 Company makes use of the safeguard clause of Section 286 (4) German Commercial Code (HGB).

The Statement of Profit and Loss has been prepared according to the nature of expense method in accordance with Section 275 (2) German Commercial Code (HGB).

In the reporting period, the shareholder made a capital contribution in the amount of EUR 3,500,000 pursuant to Section 272 (2) Number 4 German Commercial Code (HGB).

II. Recognition and measurement policies

The annual financial statements for the year ended December 31, 2018 were prepared in accordance with the recognition and measurement principles of the Third Book of the German Commercial Code (HGB) as well as the supplementary provisions of the Law on German Limited Liability Companies (GmbHG).

The following recognition and measurement policies were applied:

Property, plant and equipment (including low-value items) are measured at historic acquisition or production cost less depreciation.

As of 1 January 2018, the option to fully depreciate low-value items with acquisition or production costs of up to EUR 800.00 was exercised for additions to low-value items.

Depreciation is conducted according to the estimated useful life of the assets that ranges between 3 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 necessary allowances. Identifiable default risks are taken into account by making appropriate allowances on specific 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 regulations of German commercial law and measured at the nominal value.

Issued capital (share capital) is recognized at nominal value.

Provisions adequately take all risks identifiable and contingent liabilities into account. Provisions are recognized at settlement amount determined according to sound business judgement. Provisions with a term of up to one year have not been discounted.

Prepayments received on orders refer to prepayments 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 Euro at the exchange rate in effect at the date of origin 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 is less than one year. If the residual terms are more than one year, exchange rate changes are taken into account to the extent that receivables are to be measured lower, or liabilities are to be measured higher as a result.

III. Notes to the Balance Sheet

Assets

Fixed assets

Changes in fixed assets are presented in the statement of movements in fixed assets (attached to these notes to the financial statements).

Current assets

Inventories

Inventories (work in progress) amounted to kEUR 48 (2017) in the reporting period.

Receivables and other assets

As in the prior year, all individually reported receivables and other assets are due within one year. This does not apply to the other assets in the amount of kEUR 64 (prior year: kEUR 64) with a residual term of 63 months (prior year: 15 months).

Receivables from affiliated companies amount to kEUR 2,101 (prior year: kEUR 1,895) and include trade receivables of kEUR 1,661 (prior year: kEUR 1,700) as well as receivables relating to other matters of kEUR 440 (prior year: kEUR 194). The receivables were netted with the corresponding liabilities per company, so that the respective surplus is recognized as at December 31, 2018. As in the prior year, there are no receivables from the shareholder.

Other assets mainly relate to tax receivables from foreign employees in the amount of kEUR 522 (prior year: kEUR 1,424), tax receivables totalling kEUR 0 (prior year: kEUR 158) and rent deposits amounting to kEUR 85 (prior year: kEUR 117).

Cash-in-hand and bank balances

Cash and cash equivalents consist almost entirely of bank balances, amounting to kEUR 7,432 (prior year: kEUR 4,903) by the end of the financial year.

Deferred taxes

For the calculation of deferred taxes arising from temporary or quasi-permanent differences between the values of assets, liabilities and accruals recognized in the Balance Sheet prepared under German commercial law and their tax bases, or from tax losses carried forward, the amounts of the resulting tax burden and tax relief are measured at the tax rates of the individual entity at the time the differences are reversed, and not discounted. Deferred tax assets and liabilities were offset for reporting purposes. This did not result in an excess of deferred tax assets.

Deferred tax assets primarily result from tax loss carry-forwards, provisions for impending losses and valuation differences in provisions for vacation.

Deferred tax liabilities do not exist.

Waiving the option of recognising deferred tax assets provided for under Section 274 (1) Sentence 2 German Commercial Code (HGB), these were not capitalized. The calculation was based on a tax rate for corporate income tax and solidarity surcharge of 15.825% and for municipal trade tax of 11.55% (multiplier [Hebesatz] 330%).

Equity and liabilities

Equity

Equity comprises the share capital (kEUR 86), the capital reserves (kEUR 3,500) and the accounting loss, which developed as follows:

	kEUR
Accumulated losses brought forward as at 1 January 2018	(1,061)
Profit for the year 2018	(439)
Accounting loss as at December 31, 2018	(1,500)

Provisions for taxes

Provisions for taxes mainly relate to contingent liabilities in connection with German payroll tax from prior years relating to foreign employees working on German projects.

Other provisions

Other provisions mainly include the following provisions:

The provisions for outstanding invoices relating to the subcontractor amount to kEUR 2,589 (prior year: kEUR 2,988). The provisions for employee bonuses including partner bonuses total kEUR 1,852 (prior year: kEUR 2,121), for outstanding vacation kEUR 532 (prior year: kEUR 1,034), for social security kEUR 2,860 (prior year: kEUR 2,708) and for outstanding employee travel costs of kEUR 583 (prior year: kEUR 561). Moreover, provisions for litigation costs have been made in the amount of kEUR 738 (prior year: kEUR 1,341).

Liabilities

As in the prior year, all individually reported liabilities are due within one year.

Liabilities to affiliated companies were netted with the corresponding receivables per company to ensure that only the respective excess is recognized as at the Balance Sheet date.

Liabilities to affiliated companies include trade payables of kEUR 2,713 (prior year: kEUR 1,215) and liabilities relating to other matters of kEUR 373 (prior year: kEUR 101). As at 31 December 2017, there was a loan liability in the amount of kEUR 4,825 to the shareholder, which was repaid to zero in the reporting period. In contrast to the prior year, there was one trade payable in the amount of CHF 30,205.80 as at December 31, 2018.

Other liabilities mainly include the following positions:

Liabilities from German payroll and church tax in the amount of kEUR 1,001 (prior year: kEUR 1,051) and value-added tax liabilities totalling kEUR 248 (prior year: kEUR 1,644).

IV. Notes to the Statement of Profit and Loss

The Statement of Profit and Loss was prepared according to the nature of expense method.

Revenue are as follows:

Region	2018 (in kEUR)	in %	2017 (in kEUR)	in %
Germany	54,774	63.5	74,499	82.5
Europe (sundry)	19,121	22.2	10,062	11.1
America	329	0.4	398	0.4
Asia	10,052	11.7	1,479	1.6
Australia	1,890	2.2	3,874	4.3
Africa	30	0.0	0	0.0
Total	86,197	100.0	90,312	100.0

Consulting services account for kEUR 82,952 of the revenue, while an amount of kEUR 6,373 relates to costs passed on, particularly travel costs, and kEUR -3,128 to other revenue (discounts and bonuses).

Other operating income amounting to kEUR 692 (prior year: kEUR 703) largely comprises income for the private use of vehicles of kEUR 239 (prior year: kEUR 304) and income from foreign currency measurement of kEUR 368 (prior year: kEUR 323).

In total, the income relating to other accounting periods in other operating income in the financial year amounts to kEUR 76 (prior year: kEUR 3).

Cost of purchased services by subcontractors amounted to kEUR 50,570 (prior year: kEUR 47,478) in the reporting period.

Employee benefit expenses declined from kEUR 29,449 to kEUR 26,444.

Other operating expenses of kEUR 10,171 (prior year: kEUR 15,210) mainly comprise travel costs amounting to kEUR 4,531 (prior year: kEUR 5,564), vehicle costs of kEUR 466 (prior year: kEUR 569), other employee benefit expenses of kEUR 1,683 (prior year: kEUR 5,707) and cost allocations of other entities of the group totalling kEUR 593 (prior year: kEUR 389). Moreover, consulting costs of kEUR 918 (prior year: kEUR 1,019), costs of premises totalling kEUR 393 (prior year: kEUR 412), telephone/ communication costs of kEUR 414 (prior year: kEUR 482) and expenses relating to foreign currency measurement totalling kEUR 415 (prior year: kEUR 719) incurred.

Other operating expenses include expenses relating to other periods totalling kEUR 38 (prior year: kEUR 21). As in the prior year, these relate to losses from the disposal of fixed assets.

Taxes on income resulted in a tax expense in the amount of kEUR 10 (prior year: tax income of kEUR 158) in the reporting period.

In the aggregate, the Company generated a loss for the year of kEUR 439 (prior year: loss for the year of kEUR 1,214). As in the prior year, the loss for the year is carried forward onto new account.

V. Other disclosures

Other financial commitments

As at December 31, 2018, the Company has other financial commitments relating to car lease contracts (kEUR 179; prior year: kEUR 214), tenancy agreements for office premises and apartments (kEUR 1,246; prior year: kEUR 379) totalling kEUR 1,425 (prior year: kEUR 593). Of these commitments, kEUR 379 relate to the financial year 2019, while kEUR 988 relate to the years 2020 until 2023, and kEUR 58 to the period from 2024. According to the Management, the Company's other financial commitments do not pose substantial risks for the following financial years. The other financial commitments were incurred within the course of normal business activities. Compared to the alternative of investing in property, plant and equipment, the conclusion of tenancy and lease transactions serves to improve the Company's liquidity for the period. There are no other financial commitments to affiliated companies.

Employees

The Company's workforce comprised 214 (prior year: 247) employees on the annual average. This number includes an average of 201 (prior year: 232) consultants and 14 (prior year: 15) administrative employees.

Management

Mr Michael Dietz, Consultant

Significant Company Agreements

At the end of the financial year 2016, an open-ended loan agreement with a credit line of a maximum of kEUR 15,000 was concluded between the Company and the shareholder.

In addition, there is a tenancy agreement for the office premises in Garching/ Germany, where the Company's registered office is located.

Group affiliation

The shareholder of Infosys Consulting GmbH is Infosys Consulting Holding AG, Obstgartenstraße 27 in 8302 Kloten, Switzerland, with a share of EUR 86.000,00 (100%).

The annual 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 disclosed and are available on the U.S. Securities and Exchange Commission (SEC) website.

There is no profit or loss transfer agreement or fiscal unity between the shareholder and Infosys Consulting GmbH.

Auditor's fee

The total fee to be charged by the auditor of the annual financial statements for the financial year 2018 relates to expenses for audit services totalling kEUR 25.

Mr. Michael Dietz
Managing Director

Garching near Munich, Germany

March 29, 2019

Movements in fixed assets

Other assets, operating and office equipment

Acquisition and production cost			
January 1, 2018	Additions	Disposals	December 31, 2018
757,580.08	204,318.77	212,125.78	749,773.07

Appendix to the notes

Accumulated amortization, depreciation and write-downs				Book value	
January 1, 2018	Additions	Disposals	December 31, 2018	December 31, 2018	31 December, 2017
501,071.19	97,147.10	87,431.07	510,787.22	238,985.85	256,508.89

Infosys Consulting s.r.o.

Independent Auditor's Report

To the Members of Infosys Consulting s.r.o

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys Consulting s.r.o ('the company'), which comprises the Balance sheet as at December 31, 2018, 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 notes to the financial statement including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'Ind AS financial statements').

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, 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.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's 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 issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the Code of Ethics.

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.

Responsibilities of Management's and those charged with Governance for the financial Statement

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

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.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objective 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

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 there under.

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

M. Rathnakar Kamath
Partner
Membership number: 202841

Bengaluru
January 9, 2019

Balance Sheet

In ₹

Particulars	Note no.	As at December 31,	
		2018	2017
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	47,755	127,132
Income tax assets, net	2.11	0	3,465,470
Total non-current assets		47,755	3,592,602
Current assets			
Financial assets			
Trade receivables	2.3	2,200,613	2,545,014
Cash and cash equivalents	2.4	15,684,402	48,913,492
Other financial assets	2.2	63,499	79,096
Other current assets	2.5	130,369	408,949
Total current assets		18,078,883	51,946,551
Total assets		18,126,638	55,539,153
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.7	789,777	789,777
Other equity		10,837,005	46,578,565
Total equity		11,626,782	47,368,342
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables	2.9	7,505	140,190
Other financial liabilities	2.8	4,793,042	4,724,545
Other current liabilities	2.10	558,944	1,401,895
Income tax liabilities, net	2.11	1,140,365	1,904,181
Total current liabilities		6,499,856	8,170,811
Total equity and liabilities		18,126,638	55,539,153

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

Director *Director*

Bengaluru
January 9, 2019

Statement of Profit and Loss

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

Particulars	Note no..	Years ended December 31, 2018	2017
Revenue from operations	2.12	30,251,939	36,395,600
Other income, net	2.13	0	347,627
Total income		30,251,939	36,743,227
Expenses			
Employee benefit expenses	2.14	20,879,888	22,679,685
Travel expenses		3,421,494	6,557,928
Communication expenses		430,713	1,141,354
Consultancy and professional charges		2,520,191	3,397,385
Depreciation expenses	2.1	84,476	233,187
Other expenses	2.14	947,439	776,636
Total expenses		28,284,201	34,786,175
Profit before tax		1,967,738	1,957,052
Tax expense			
Current tax	2.11	(911,048)	(2,314,854)
Profit for the year		2,878,786	4,271,906
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		(38,620,346)	5,214,810
Total other comprehensive income, net of tax		(38,620,346)	5,214,810
Total comprehensive income for the year		(35,741,560)	9,486,716
Earnings per equity share			
Equity shares of par value CZK 1/- each			
Basic & Diluted		14.39	21.36
Weighted average equity shares used in computing earnings per equity share			
Basic & Diluted		200,000	200,000

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

Director

Director

Bengaluru
January 9, 2019

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, 2017	789,777	39,203,325	58,464	(2,169,940)	37,881,626
Changes in equity for the year ended December 31, 2017					
Exchange difference on translation				5,214,810	5,214,810
Profit for the year		4,271,906			4,271,906
Balance as of December 31, 2017	789,777	43,475,231	58,464	3,044,870	47,368,342
Changes in equity for the year ended December 31, 2018					
Exchange difference on translation				(38,620,346)	(38,620,346)
Profit for the year		2,878,786			2,878,786
Balance as of December 31, 2018	789,777	46,354,017	58,464	(35,575,476)	11,626,782

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

Director

Director

Bengaluru
January 9, 2019

Statements of Cash Flows

In ₹

Particulars	Years ended December 31,	
	2018	2017
Cash flows from operating activities		
Profit for the year	2,878,786	4,271,906
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	84,476	233,187
Income tax expense	(911,048)	(2,314,854)
Exchange differences on translation of assets and liabilities	(38,625,445)	5,180,655
Changes in assets and liabilities		
Trade receivables	344,401	2,178,139
Loans and other financial assets and other assets	294,177	62,536
Trade payables	(132,685)	110,418
Other financial liabilities, other liabilities and provisions	(774,454)	(3,502,550)
Cash generated from operations	(36,841,792)	6,219,437
Income taxes paid	3,612,702	521,766
Net cash generated by/ (used in) operating activities	(33,229,090)	6,741,203
Cash flow from investing activities		
Expenditure on property, plant and equipment, net of sale proceeds	0	(92,767)
Net cash (used in)/ from investing activities	0	(92,767)
Net increase/(decrease) in cash and cash equivalents	(33,229,090)	6,648,436
Cash and cash equivalents at the beginning of the year	48,913,492	42,265,056
Cash and cash equivalents at the end of the year	15,684,402	48,913,492

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

Director

Director

Bengaluru
January 9, 2019

Company overview

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.

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.

Certain amounts in the financial statements as of and for the year ended December 31, 2017 have been reclassified to conform to the presentation of the 2018 financial statements

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 equipment are ready for use, as intended by the Management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows :

Computer equipment [(1)]	3-5 years

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

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

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

1.9 Financial instruments

1.9.1 Initial recognition

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

1.9.2 Subsequent measurement Non-derivative financial instruments Financial assets carried at amortized cost

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

Financial liabilities

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

1.10 Fair value of financial instruments

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

1.11 Impairment

Financial assets

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

Non-financial assets

Property, plant and equipment

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

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

1.12 Employee benefits

Compensated absences

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

1.13 Foreign currency

Functional currency

The functional currency of the Company is the Czech Krona. These financial statements are presented in Indian Rupees

Transactions and translations

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

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

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 of 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 ither to settle on a net basis, or to realize the asset and settle the liability simultaneously

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, 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.

1.15 Cash Flow Statement

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

1.16 Other income

Other income is comprised primarily of interest income and exchange gain/ loss on translation of other assets and liabilities.

1.17 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period.

1.18 Leases

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

1.19 Recent accounting pronouncements

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
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

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

The Company will adopt the standard on January 1, 2019 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended December 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

The Company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of 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. The effect on account of adoption of this amendment was insignificant.

2.1 Property, Plant and Equipment

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

In ₹

Particulars	Computer equipment	Total
Gross carrying value as of January 1, 2018	774,106	774,106
Translation difference	28,479	28,479
Gross carrying value as of December 31, 2018	802,585	802,585
Accumulated depreciation as of January 1, 2018	(646,974)	(646,974)
Depreciation	(84,476)	(84,476)
Translation difference	(23,380)	(23,380)
Accumulated depreciation as of December 31, 2018	(754,830)	(754,830)
Carrying value as of December 31, 2018	47,755	47,755

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	588,050	588,050
Additions/Adjustments[(1)]	92,767	92,767
Translation difference	93,289	93,289
Gross carrying value as of December 31, 2017	774,106	774,106
Accumulated depreciation as of January 1, 2017	(354,653)	(354,653)
Depreciation	(233,187)	(233,187)
Translation difference	(59,134)	(59,134)
Accumulated depreciation as of December 31, 2017	(646,974)	(646,974)
Carrying value as of December 31, 2017	127,132	127,132
Carrying value as of January 1, 2018	233,397	233,397

(1) Includes asset purchased from related parties (Refer to Note 2.15)

2.2 Other Financial Assets

In ₹

Particulars	As at December 31	
	2018	2017
Current		
Rental deposits [(1)]	47,732	46,038
Others [(1)]	15,767	33,058
	63,499	79,096
[(1)] Financial assets carried at amortized cost	63,499	79,096

2.3 Trade Receivables

In ₹

Particulars	As at December 31	
	2018	2017
Current		
Unsecured		
Considered good [(1)]	2,200,613	2,545,014
	2,200,613	2,545,014
[(1)] Includes dues from related parties (refer to Note 2.15)	2,200,613	2,406,005

2.4 Cash and Cash Equivalents

In ₹

Particulars	As at December 31	
	2018	2017
Balances with banks		
In current accounts	15,684,402	48,913,492
Total Cash and Cash Equivalents	15,684,402	48,913,492

2.5 Other Assets

In ₹

Particulars	As at December 31	
	2018	2017
Current		
Others		
Prepaid expenses	30,322	27,923
Withholding taxes and others	100,047	381,026
Total other assets	130,369	408,949

2.6 Financial Instrument

Financial instruments by category

The carrying value of financial instruments are as follows :

In ₹

Particulars	As at December 31	
	2018	2017
Assets		
Cash and cash equivalents (Refer to Note 2.4)	15,684,402	48,913,492
Trade receivables (Refer to Note 2.3)	2,200,613	2,545,014
Other financial assets (Refer to Note 2.2) (1)	63,499	79,096
Total	17,948,514	51,537,602
Liabilities		
Trade payables (Refer to Note 2.9)	7,505	140,190
Other financial liabilities (Refer to Note 2.8)	3,111,819	3,299,281
Total	3,119,324	3,439,471

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 ₹2,200,613 and ₹2,545,014 as of December 31, 2018 and December 31, 2017, 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, 2018, the Company had a working capital of ₹11,579,027 including cash and cash equivalents of ₹15,684,402. As of December 31, 2017, the Company had a working capital of ₹43,775,740 including cash and cash equivalents of ₹48,913,492

2.7 Equity

Equity Share Capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2018	2017
Authorized		
200,000 (2,00,000) Equity Shares of CZK 1 par value	789,777	789,777
Issued, subscribed and paid up		
200,000 (2,00,000) Equity Shares of CZK 1 par value	789,777	789,777
[Of the above, 200,000 (200,000) equity shares are held by the holding company, Infosys Consulting Holding AG (formerly Lodestone holding AG)]		
	789,777	789,777

2.8 Other Financial Liabilities

In ₹

Particulars	As at December 31,	
	2018	2017
Current		
Others		
Accrued compensation to employees	1,759,819	1,609,158
Accrued expenses	964,085	1,257,255
Compensated absences	1,681,223	1,425,264
Other payables (1)	387,915	432,868
	4,793,042	4,724,545
Total financial liabilities	4,793,042	4,724,545
Financial liability carried at amortized cost	3,111,819	3,299,281
(1) Includes dues to related parties (Refer to Note 2.15)	533,935	226,243

2.9 Trade Payables

In ₹

Particulars	As at December 31,	
	2018	2017
Trade payables *	7,505	140,190
	7,505	140,190
*Includes dues to fellow subsidiaries (Refer to Note 2.15)	–	98,398

2.10 Other Liabilities

In ₹

Particulars	As at December 31,	
	2018	2017
Current		
Others		
Withholding taxes and others	558,944	1,401,895
	558,944	1,401,895

2.11 Income Taxes

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

In ₹

Particulars	Years ended December 31,	
	2018	2017
Current taxes	(911,048)	(2,314,854)
Income tax expense	(911,048)	(2,314,854)

Current tax expense for the year ended December 31, 2018 and December 31, 2017 includes reversals (net of provisions) amounting to ₹ (13,24,757) and ₹(26,86,694), 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,	
	2018	2017
Profit before income tax	1,967,738	1,957,052
Enacted tax rates in Czech Republic(%)	19.00%	19.00%
Computed expected tax expense	373,870	371,840
Tax provisions/ (reversals)	(1,324,757)	(2,686,694)
Others	39,839	-
Income tax expense	(911,048)	(2,314,854)

The applicable Czech Republic statutory tax rate for year ending December 31, 2018 and December 31, 2017 is 19%.

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

In ₹

Particulars	Years ended December 31,	
	2018	2017
Income tax assets	–	3,465,470
Current income tax liabilities	1,140,365	1,904,181
Net current income tax assets / (liability) at the end	(1,140,365)	1,561,289

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

In ₹

Particulars	Years ended December 31,	
	2018	2017
Net current income tax asset/ (liability) at the beginning	1,561,289	(231,799)
Income tax paid/(received)	(3,612,702)	(521,766)
Current income tax expense	911,048	2,314,854
Net current income tax asset/ (liability) at the end	(1,140,365)	1,561,289

2.12 Revenue from operations

In ₹

Particulars	Years ended December 31	
	2018	2017
Income from Consultancy services	30,251,939	36,395,600
	30,251,939	36,395,600

2.13 Other Income

Particulars	Years ended December 31,	
	2018	2017
Miscellaneous income, net	–	347,627
	–	347,627

2.14 Expenses

Particulars	Years ended December 31,	
	2018	2017
Employee benefit expenses		
Salaries including bonus	20,879,888	22,667,992
Staff welfare	–	11,693
	20,879,888	22,679,685

Particulars	Years ended December 31,	
	2018	2017
Other expenses		
Brand and marketing	480	25,621
Operating lease payments	128,636	100,290
Rates and taxes	18,051	53,049
Exchange gains/(losses) on translation of other assets and liabilities	66,662	480,434
Others	733,610	117,242
	947,439	776,636

2.15 RELATED PARTY TRANSACTIONS

List of holding companies

Name of the holding company	Country	Holding as at December 31,	
		2018	2017
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 related parties:

Name of subsidiaries	Country	Holding as at December 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)	U.S.	100%	100%
EdgeVerve Systems Limited (EdgeVerve)	India	100%	100%
Infosys Austria GmbH[1] (formerly Lodestone Management Consultants GmbH)	Austria	100%	100%
Skava Systems Pvt. Ltd. (Skava Systems)	India	100%	100%
Kallidus Inc. (Kallidus)	U.S.	100%	100%
Infosys Chile SpA[2]	Chile	100%	100%
Infosys Arabia Limited[3]	Saudi Arabia	70%	70%
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) [3]	Brazil	100%	100%
Infosys CIS LLC[1][22]	Russia	–	–
Infosys Luxembourg S.a.r.l [1][17]	Luxembourg	100%	–
Infosys Americas Inc., (Infosys Americas)	U.S.	100%	100%
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)[4]	Australia	100%	100%
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.	100%	100%
Infosys Canada Public Services Inc[23]	Canada	–	–
Infosys Canada Public Services Ltd[24]	Canada	–	–
Infosys BPM Limited (formerly Infosys BPO Limited)	India	100%	100%
Infosys (Czech Republic) Limited s.r.o.[5]	Czech Republic	100%	100%
Infosys Poland, Sp z.o.o (formerly Infosys BPO Poland, Sp z.o.o)[5]	Poland	100%	100%
Infosys McCamish Systems LLC [5]	U.S.	100%	100%
Portland Group Pty Ltd[5]	Australia	100%	100%
Infosys BPO Americas LLC.[5]	U.S.	100%	100%
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland	100%	100%
Lodestone Management Consultants Inc.[6][15]	U.S.	–	100%
Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty Limited) [6]	Australia	100%	100%
Infosys Consulting AG (formerly Lodestone Management Consultants AG) [6]	Switzerland	100%	100%
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) [6]	Germany	100%	100%
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS)[6]	France	100%	100%
Lodestone Management Consultants Co., Ltd.[6]	China	100%	100%
Infy Consulting Company Ltd (formerly Lodestone Management Consultants Ltd.) [6]	U.K.	100%	100%
Infy Consulting B.V. (Lodestone Management Consultants B.V.) [6]	The Netherlands	100%	100%
Infosys Consulting Sp. z.o.o (formerly Lodestone Management Consultants Sp. z o.o.) [6]	Poland	100%	100%
Lodestone Management Consultants Portugal, Unipessoal, Lda. [6]	Portugal	100%	100%
S.C. Infosys Consulting S.R.L. (formerly S.C. Lodestone Management Consultants S.R.L.) [6]	Romania	100%	100%
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) [6]	Argentina	100%	100%
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)[7]	Belgium	100%	100%
Panaya Inc. (Panaya)	U.S.	100%	100%
Panaya Ltd.[8]	Israel	100%	100%
Panaya GmbH[8]	Germany	100%	100%

Name of subsidiaries	Country	Holding as at December 31,	
		2018	2017
Panaya Japan Co. Ltd[4][8]	Japan	100%	100%
Noah Consulting LLC (Noah)[9]	U.S.	–	–
Noah Information Management Consulting Inc. (Noah Canada)[10]	Canada	–	–
Brilliant Basics Holdings Limited (Brilliant Basics)[11]	U.K.	100%	100%
Brilliant Basics Limited[12]	U.K.	100%	100%
Brilliant Basics (MENA) DMCC[12]	*Dubai*	100%	100%
Infosys Consulting Pte Limited (Infosys Singapore)[1]	*Singapore*	100%	100%
Infosys Middle East FZ LLC[13]	*Dubai*	100%	100%
Fluido Oy[13][18]	*Finland*	100%	–
Fluido Sweden AB (Extero)[19]	*Sweden*	100%	–
Fluido Norway A/S[19]	*Norway*	100%	–
Fluido Denmark A/S[19]	*Denmark*	100%	–
Fluido Slovakia s.r.o[19]	*Slovakia*	100%	–
Fluido Newco AB[19]	*Sweden*	100%	–
Infosys Compaz PTE. Ltd (formerly Trusted Source Pte. Ltd) [13][20]	*Singapore*	60%	–
Infosys South Africa (Pty) Ltd[13][21]	*South Africa*	–	–
WongDoody Holding Company Inc. (WongDoody) [14]	*U.S.*	100%	–
WDW Communications, Inc[16]	*U.S.*	100%	–
WongDoody, Inc[16]	*U.S.*	100%	–

(1) Wholly-owned subsidiary of Infosys Limited

(2) Incorporated effective November 20, 2017

(3) Majority owned and controlled subsidiary of Infosys Limited

(4) Under liquidation

(5) Wholly owned subsidiary of Infosys BPM

(6) Wholly owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(7) Majority owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(8) Wholly owned subsidiary of Panaya Inc.

(9) Liquidated effective November 9, 2017

(10) Wholly owned subsidiary of Noah. Liquidated effective December 20, 2017

(11) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holding Limited

(12) Wholly-owned subsidiary of Brilliant Basics Holding Limited.

(13) Wholly-owned subsidiary of Infosys Consulting Pte Ltd

(14) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody

(15) Liquidated effective May 17, 2018

(16) Wholly-owned subsidiary of WongDoody

(17) Incorporated effective August 6, 2018

(18) On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries

(19) Wholly-owned subsidiary of Fluido Oy

(20) On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd (21) Incorporated effective December 19,2018

(22) Incorporated effective November 29, 2018

(23) Incorporated effective November 27, 2018, wholly owned subsidiary Infosys Public Services Inc

(24) Liquidated effective May 9, 2017, wholly owned subsidiary Infosys Public Services Inc

Infosys has provided guarantee for performance of certain contracts entered into by its subsidiaries.

Name of associates
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	
	2018	2017
Trade receivables		
Infosys Consulting AG	1,565,428	1,005,201
Infy Consulting Company Ltd.	1,201	–
Infosys Consulting GmbH	633,984	1,400,804
	2,200,613	2,406,005
Trade payables		
Infy Consulting Company Ltd.	–	98,398
	–	98,398
Other payables		
Infosys Ltd.	533,935	149,415
Infosys Consulting GmbH	–	76,828
	533,935	226,243

In ₹

Particulars	As at December 31	
	2018	2017
Capital transactions		
Financing transactions		
Transfer of Fixed Assets		
Lodestone Management Consultants Sp. z.o.o.	–	92,767
	–	92,767
Revenue transactions		
Purchase of services		
Infosys Consulting GmbH	–	3,112
Infosys Consulting AG	539,483	680,336
Infy Consulting Company Ltd	–	97,411
	539,483	780,859
Sale of services		
Lodestone Management Consultants Sp. z.o.o.	–	1,160,015
Infy Consulting Company Ltd.	–	8,700,747
Infosys Consulting AG	14,748,375	2,238,432
Infosys Consulting GmbH	15,503,564	24,296,405
	30,251,939	36,395,599

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 - Segment-reporting.

Lodestone Management Consultants Co. Ltd.

Independent Auditor's Report

To the Members of Lodestone Management Consultants Co. Ltd.

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Lodestone Management Consultants Co. Ltd ('the Company'), which comprises the Balance Sheet as at December 31, 2018, 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 notes to the financial statement including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'Ind AS financial statements').

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, 2018 and its financial performance including other comprehensive income, its cash flows, and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's 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 issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the Code of Ethics.

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.

Responsibilities of Management's and those charged with Governance for the Financial Statement

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

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.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objective 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

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 there under.

for Shenoy & Kamath
Chartered accountants
Firm registration number. 006673S

M. Rathnakar Kamath
Partner
Membership number: 202841

Bengaluru
January 9, 2019

Balance Sheet

in ₹

Particulars	Note no.	As at December 31,	
		2018	2017
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	1,15,15,104	2,40,85,949
Total non-current assets		1,15,15,104	2,40,85,949
Current assets			
Financial assets			
Trade receivables	2.3	17,75,31,442	19,49,35,634
Cash and cash equivalents	2.4	10,68,61,595	1,01,36,560
Loans	2.2	13,83,502	14,73,139
Other financial assets	2.5	3,16,06,857	18,59,03,615
Other current assets	2.6	35,78,634	1,12,83,842
Total current assets		32,09,62,030	40,37,32,790
Total assets		33,24,77,134	42,78,18,739
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.8	43,08,31,210	43,08,31,210
Other equity		(2,11,56,44,935)	(1,52,89,70,387)
Total equity		(1,68,48,13,725)	(1,09,81,39,177)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	2.9	90,22,72,823	41,85,56,028
Total non-current liabilities		90,22,72,823	41,85,56,028
Current liabilities			
Financial liabilities			
Trade payables	2.11	24,56,57,070	16,43,28,009
Other financial liabilities	2.10	82,11,48,547	23,97,59,719
Other current liabilities	2.12	2,82,28,723	67,88,02,715
Provisions	2.13	1,30,91,250	1,12,00,918
Income tax liabilities, net	2.14	68,92,446	1,33,10,527
Total current liabilities		1,11,50,18,036	1,10,74,01,888
Total equity and liabilities		33,24,77,134	42,78,18,739

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 Lodestone Management Consultants Co., Ltd.

Stone Zhu
Director

Bengaluru
January 9, 2019

Statement of Profit and Loss

In ₹, except equity share and per equity share data

Particulars	Note no.	Years ended December 31,	
		2018	2017
Revenue from operations	2.15	1,05,33,59,858	1,16,55,36,861
Other income, net	2.16	5,69,068	1,78,85,541
Total income		1,05,39,28,926	1,18,34,22,402
Expenses			
Employee benefit expenses	2.17	60,29,99,217	96,73,73,888
Travel expenses		15,37,17,442	28,00,20,937
Cost of technical sub-contractors		64,59,93,107	39,46,43,685
Communication expenses		65,28,925	70,18,944
Consultancy and professional charges		3,49,49,448	10,42,98,933
Depreciation expense	2.1	1,44,43,510	1,26,04,932
Other expenses	2.17	15,97,02,787	9,00,23,302
Total expenses		1,61,83,34,436	1,85,59,84,621
Loss before tax		(56,44,05,510)	(67,25,62,219)
Tax expense			
Current tax	2.14	(69,39,870)	(61,50,743)
Loss for the year		(55,74,65,640)	(66,64,11,476)
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		(2,92,08,908)	(1,44,55,900)
Total other comprehensive income, net of tax		(2,92,08,908)	(1,44,55,900)
Total comprehensive income/ (loss) for the year		(58,66,74,548)	(68,08,67,376)

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 Lodestone Management Consultants Co., Ltd.

Stone Zhu
Director

Bengaluru
January 9, 2019

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, 2017	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				
Exchange differences on translation	–	–	(1,44,55,900)	(1,44,55,900)
Loss for the year	–	(66,64,11,476)	–	(66,64,11,476)
Total comprehensive income for the year	43,08,31,210	(1,54,63,66,230)	1,73,95,843	(1,09,81,39,177)
Balance as of December 31, 2017	43,08,31,210	(1,54,63,66,230)	1,73,95,843	(1,09,81,39,177)
Changes in equity for the year ended December 31, 2018				
Exchange differences on translation	–	–	(2,92,08,908)	(2,92,08,908)
Loss for the year	–	(55,74,65,640)	–	(55,74,65,640)
Balance as of December 31, 2018	43,08,31,210	(2,10,38,31,870)	(1,18,13,065)	(1,68,48,13,725)

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 Lodestone Management Consultants Co., Ltd.

Stone Zhu
Director

Bengaluru
January 9, 2019

Statements of Cash Flows

In ₹

Particulars	Note no.	Years ended December 31, 2018	2017
Cash flows from operating activities			
Loss for the year		(55,74,65,640)	(66,64,11,476)
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation expense		1,44,43,510	1,26,04,932
Income tax expense		(69,39,870)	(61,50,743)
Provision for post-sales client support		15,42,230	21,81,390
Impairment loss recognized/ (reversed) under expected credit loss model		(11,84,753)	39,26,263
Finance cost		3,12,16,694	77,31,793
Loss on sale of asset		3,90,865	2,18,264
Exchange differences on translation of assets and liabilities		(3,26,89,369)	(1,43,59,438)
Changes in assets and liabilities			
Trade receivables and unbilled revenue		17,88,19,927	10,31,08,845
Loans and other financial assets and other assets		16,80,256	41,70,702
Trade payables		8,13,29,061	4,94,50,910
Other financial liabilities, other liabilities and provisions		(6,91,85,164)	47,29,352
Cash generated from operations		(35,80,42,253)	(49,87,99,206)
Income taxes paid	2.14	–	–
Net cash generated by operating activities		(35,80,42,253)	(49,87,99,206)
Cash flow from investing activities			
Expenditure on property, plant and equipment, net of sale proceeds		21,77,550	(1,86,96,134)
Loans to employees		89,637	(14,73,139)
Net cash from/ (used in) investing activities		22,67,187	(2,01,69,273)
Cash flow from financing activities			
Loan taken from parent company		45,25,00,101	41,08,24,235
Net cash from/ (used in) financing activities		45,25,00,101	41,08,24,235
Net decrease in cash and cash equivalents		9,67,25,035	(10,81,44,244)
Cash and cash equivalents at the beginning of the year		1,01,36,560	11,82,80,804
Cash and cash equivalents at the end of the year		10,68,61,595	1,01,36,560

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 Lodestone Management Consultants Co., Ltd.

Stone Zhu
Director

Bengaluru
January 9, 2019

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.

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

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.

1.19 Recent accounting pronouncements

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.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach). The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on January 1, 2019 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended December 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

The Company has adopted Appendix B to Ind AS 21 - Foreign Currency Transactions and Advance Consideration which clarifies the date of 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. The effect on account of adoption of this amendment was insignificant.

2.1 Property, plant and equipment

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

In ₹

Particulars	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2018	1,56,138	4,38,400	4,08,14,938	1,34,02,104	5,48,11,580
Additions	1,61,914	3,11,732	–	10,70,551	15,44,197
Deletions	–	–	(38,58,554)	(28,32,725)	(66,91,279)
Translation difference	(1,56,508)	(3,90,259)	53,56,351	4,64,025	52,73,609
Gross carrying value as of December 31, 2018	1,61,544	3,59,873	4,23,12,735	1,21,03,955	5,49,38,107
Accumulated depreciation as of January 1, 2018	(58,769)	(3,79,249)	(2,73,25,325)	(29,62,288)	(3,07,25,631)
Depreciation	(32,859)	(20,134)	(89,21,074)	(54,69,443)	(1,44,43,510)
Accumulated depreciation on deletions	–	–	1,47,272	24,31,395	25,78,667
Translation difference	(1,487)	51,464	(8,74,725)	(7,781)	(8,32,529)
Accumulated depreciation as of December 31, 2018	(93,115)	(3,47,919)	(3,69,73,852)	(60,08,117)	(4,34,23,003)
Carrying value as of December 31, 2018	68,429	11,954	53,38,883	60,95,838	1,15,15,104
Carrying value as of January 1, 2018	97,369	59,151	1,34,89,613	1,04,39,816	2,40,85,949

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/ adjustments	–	–	69,68,099	1,17,28,035	1,86,96,134
Deletions/ adjustments	(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

2.2 Loans

In ₹

Particulars	As at December 31	
	2018	2017
Current		
Unsecured, considered good		
Other loans		
Loans and advances to employees	13,83,502	14,73,139
Total current loans	13,83,502	14,73,139

2.3 Trade receivables

In ₹

Particulars	As at December 31	
	2018	2017
Current		
Unsecured		
Considered good [(1)]	17,75,31,442	19,49,35,634
Considered doubtful	11,58,081	16,02,527
	17,86,89,523	19,65,38,161
Less: Allowance for credit losses	11,58,081	16,02,527
Total trade receivables	17,75,31,442	19,49,35,634
[(1)] Includes dues from related parties (Refer to Note 2.19)	17,23,78,015	4,30,01,285

2.4 Cash and cash equivalents

In ₹

Particulars	As at December 31	
	2018	2017
Balances with banks		
In current and deposit accounts	10,67,94,676	1,00,58,211
Cash on hand	66,919	78,349
Total cash and cash equivalents	10,68,61,595	1,01,36,560

2.5 Other financial assets

In ₹

Particulars	As at December 31	
	2018	2017
Current		
Security deposits [(1)]	1,01,60,000	98,20,000
Rental deposits [(1)]	47,21,617	93,21,057
Unbilled revenues [(1)]	19,21,668	16,22,43,378
Others [(1)(2)]	1,48,03,572	45,19,180
Total current other financial assets	3,16,06,857	18,59,03,615
[(1)] Financial assets carried at amortized cost	3,16,06,857	18,59,03,615
[(2)] Includes dues from related parties (Refer to Note 2.19)	1,48,03,572	28,68,600

2.6 Other assets

In ₹

Particulars	As at December 31	
	2018	2017
Current		
Others		
Prepaid expenses	27,82,398	1,12,76,078
Withholding taxes and others	7,96,236	7,764
Total current other assets	35,78,634	1,12,83,842

2.7 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of December 31, 2018 and December 31, 2017 were as follows:

In ₹

Particulars	As at December 31,	
	2018	2017
Assets		
Cash and cash equivalents (Refer to Note 2.4)	10,68,61,595	1,01,36,560
Trade receivables (Refer to Note 2.3)	17,75,31,442	19,49,35,634
Loans (Refer to Note 2.2)	13,83,502	14,73,139
Other financial assets (Refer to Note 2.5)	3,16,06,857	18,59,03,615
Total	31,73,83,396	39,24,48,948
Liabilities		
Trade payables (Refer to Note 2.11)	24,56,57,070	16,43,28,009
Borrowings (Refer to Note 2.9)	90,22,72,823	41,85,56,028
Other financial liabilities (Refer to Note 2.10)	81,01,35,534	22,16,56,804
Total	1,95,80,65,427	80,45,40,841

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, 2018 and December 31, 2017, the outstanding compensated absences were ₹11,013,013 and ₹18,102,915, 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 ₹177,531,442 and ₹194,935,634 as of December 31, 2018 and December 31, 2017, respectively and unbilled revenue amounting to ₹1,921,668 and ₹162,243,378 as of December 31, 2018 and December 31, 2017, 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, 2018 was ₹1,184,753 and allowance for the year ended December 31, 2017 was ₹3,926,263.

In ₹

Particulars	Years ended December 31,	
	2018	2017
Balance at the beginning	22,53,827	12,66,723
Impairment loss recognized/ reversed	(11,84,753)	39,26,263
Amounts written off	–	(30,01,585)
Translation differences	90,728	62,425
Balance at the end	11,59,802	22,53,827

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.

2.8 Equity

Equity share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2018	2017
Authorized		
Equity shares of USD 69,30,000	43,08,31,210	43,08,31,210
Issued, subscribed and paid up		
Equity shares of USD 69,30,000	43,08,31,210	43,08,31,210
(wholly owned by Infosys Consulting Holding AG)		
	43,08,31,210	43,08,31,210

2.9 Borrowings

In ₹

Particulars	As at December 31,	
	2018	2017
Non-current		
Unsecured Loan from Parent Company (Refer to Note 2.19)	90,22,72,823	41,85,56,028
Total non-current borrowings	90,22,72,823	41,85,56,028
[1]Includes dues to fellow subsidiaries (Refer to Note 2.19)	90,22,72,823	41,85,56,028

2.10 Other financial liabilities

In ₹

Particulars	As at December 31,	
	2018	2017
Current		
Others		
Accrued compensation to employees	5,08,24,803	6,64,54,269
Accrued expenses [1]	8,17,54,901	15,52,01,986
Compensated absences	1,10,13,013	1,81,02,915
Other payables	67,75,55,830	549
Total current other financial liabilities	82,11,48,547	23,97,59,719
Financial liability carried at amortized cost	81,01,35,534	22,16,56,804
[1] Includes dues to related parties (Refer note 2.19)	67,96,10,232	17,67,393

2.11 Trade payables

In ₹

Particulars	As at December 31,	
	2018	2017
Trade payables [1]	24,56,57,070	16,43,28,009
Total trade payables	24,56,57,070	16,43,28,009
[1]Includes dues to related parties (Refer to Note 2.19)	18,13,62,833	15,03,84,233

2.12 Other liabilities

In ₹

Particulars	As at December 31,	
	2018	2017
Current		
Unearned revenue	94,64,262	2,22,11,373
Others		
Withholding taxes and others	1,87,64,461	2,24,14,318
Others[1]	–	63,41,77,024
Total current other liabilities	2,82,28,723	67,88,02,715
[1]Includes dues to related parties (Refer to Note 2.19)	–	63,29,38,787

2.13 Provisions

In ₹

Particulars	As at December 31,	
	2018	2017
Current		
Others		
Post-sales client support	1,30,91,250	1,12,00,918
Total current Provisions	1,30,91,250	1,12,00,918

2.14 Income taxes

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

In ₹

Particulars	Years ended December 31,	
	2018	2017
Current taxes	(69,39,870)	(61,50,743)
Income tax expense	(69,39,870)	(61,50,743)

Current tax expense for the year ended December 31, 2018 includes reversals amounting to ₹69,39,870 pertaining to prior periods. Current tax expense for the year ended December 31, 2017 includes reversals amounting to ₹61,50,743 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,	
	2018	2017
Profit/ (loss) before income tax	(56,44,05,510)	(67,25,62,219)
Enacted tax rates in China (%)	25.00%	25.00%
Computed expected tax expense	(14,11,01,378)	(16,81,40,555)
Tax reversals/ (provisions)	(69,39,870)	(61,50,743)
Effect of unrecognized deferred tax assets	14,11,01,378	16,81,40,555
Income tax expense	(69,39,870)	(61,50,743)

The applicable China statutory tax rate for the year ended December 2018 and December 2017 is 25%.

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

In ₹

Particulars	Years ended December 31,	
	2018	2017
Current income tax liabilities	68,92,446	1,33,10,527
Net current income tax assets/ (liability) at the end	(68,92,446)	(1,33,10,527)

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

In ₹

Particulars	Years ended December 31,	
	2018	2017
Net current income tax asset/ (liability) at the beginning	(1,33,10,527)	(1,94,19,656)
Income tax paid	–	–
Current income tax expense (Refer to Note 2.14)	69,39,870	61,50,743
Translation difference	(5,21,789)	(41,614)
Net current income tax asset/ (liability) at the end	(68,92,446)	(1,33,10,527)

2.15 Revenue from operations

In ₹

Particulars	Years ended December 31,	
	2018	2017
Income from consultancy services	1,05,33,59,858	1,16,55,36,861
Total revenue from operations	1,05,33,59,858	1,16,55,36,861

2.16 Other Income

In ₹

Particulars	Years ended December 31,	
	2018	2017
Interest received on financial assets Carried at amortized cost		
Deposits with banks and others	1,58,141	99,349
Exchange gains/ (losses) on translation of other assets and liabilities	–	1,77,05,028
Miscellaneous income, net	4,10,927	81,164
Total other income	5,69,068	1,78,85,541

2.17 Expenses

In ₹

Particulars	Years ended December 31,	
	2018	2017
Employee benefit expenses		
Salaries including bonus	59,43,28,164	95,21,34,209
Staff welfare	86,71,053	1,52,39,679
Total employee benefit expenses	60,29,99,217	96,73,73,888

In ₹

Particulars	Years ended December 31,	
	2018	2017
Other expenses		
Power and fuel	2,89,191	4,45,219
Brand and marketing	86,19,852	1,29,12,003
Operating lease payments	2,35,46,054	3,29,84,431
Rates and taxes	59,31,373	1,00,07,791
Repairs and maintenance	99,55,281	1,67,48,416
Insurance	7,56,447	7,57,394
Provision for post-sales client support	15,42,230	21,81,390
Finance Cost	3,12,16,694	77,31,793
Impairment loss recognized/ (reversed) on financial assets	(11,84,753)	39,26,263
Others	7,90,30,418	23,28,602
Total other expenses	15,97,02,787	9,00,23,302

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,	
	2018	2017
Lease rentals recognized during the year	2,35,46,054	3,29,84,431

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,	
	2018	2017
Not later than 1 year	77,45,456	1,71,92,220
Later than 1 year and not later than 5 years	20,86,970	1,21,00,861
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 related parties

Name of the holding company	Country	Holding as at December 31,	
		2018	2017
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland	100%	100%

Ultimate holding company

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 subsidiary companies	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)	U.S.
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH[1] (formerly Lodestone Management Consultants GmbH)	Austria
Skava Systems Private Limited (Skava Systems)	India
Kallidus Inc. (Kallidus)	U.S.
Infosys Chile SpA[2]	Chile
Infosys Arabia Limited[3]	Saudi Arabia
Infosys Consulting Ltda.[3]	Brazil
Infosys CIS LLC[1][22]	Russia
Infosys Luxembourg S.a.r.l [1][17]	Luxembourg
Infosys Americas Inc., (Infosys Americas)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)[4]	Australia

Name of subsidiary companies	Country
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.
Infosys Canada Public Services Inc[23]	Canada
Infosys Canada Public Services Ltd[24]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o.[5]	Czech Republic
Infosys Poland, Sp z.o.o[5]	Poland
Infosys McCamish Systems LLC [5]	U.S.
Portland Group Pty Ltd[5]	Australia
Infosys BPO Americas LLC.[5]	U.S.
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc.[6][15]	U.S.
Infosys Management Consulting Pty Limited[6]	Australia
Infosys Consulting AG[6]	Switzerland
Infosys Consulting GmbH[6]	Germany
Infosys Consulting SAS[6]	France
Infosys Consulting s.r.o.[6]	Czech Republic
Infy Consulting Company Ltd[6]	U.K.
Infy Consulting B.V.[6]	The Netherlands
Infosys Consulting Sp. z.o.o[6]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [6]	Portugal
S.C. Infosys Consulting S.R.L.[1]	Romania
Infosys Consulting S.R.L.[6]	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)[7]	Belgium
Panaya Inc. (Panaya)	U.S.
Panaya Ltd.[8]	Israel
Panaya GmbH[8]	Germany
Panaya Japan Co. Ltd[4][8]	Japan
Noah Consulting LLC (Noah)[9]	U.S.
Noah Information Management Consulting Inc. (Noah Canada)[10]	Canada
Brilliant Basics Holdings Limited (Brilliant Basics)[11]	U.K.
Brilliant Basics Limited[12]	U.K.
Brilliant Basics (MENA) DMCC[12]	Dubai
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[13]	Dubai
Fluido Oy[13][18]	Finland
Fluido Sweden AB (Extero)[19]	Sweden
Fluido Norway A/S[19]	Norway
Fluido Denmark A/S[19]	Denmark
Fluido Slovakia s.r.o[19]	Slovakia
Fluido Newco AB[19]	Sweden
Infosys Compaz PTE. Ltd (formerly Trusted Source Pte. Ltd) [13][20]	Singapore
Infosys South Africa (Pty) Ltd[13][21]	South Africa
WongDoody Holding Company Inc. (WongDoody) [14]	U.S.
WDW Communications, Inc[16]	U.S.
WongDoody, Inc[16]	U.S.

[1] Wholly-owned subsidiary of Infosys Limited

[2] Incorporated effective November 20, 2017

[3] Majority owned and controlled subsidiary of Infosys Limited

[4] Under liquidation

[5] Wholly owned subsidiary of Infosys BPM

[6] Wholly owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

[7] Majority owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

[8] Wholly owned subsidiary of Panaya Inc.

[9] Liquidated effective November 9, 2017

[10] Wholly owned subsidiary of Noah. Liquidated effective December 20, 2017

[11] On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holding Limited

[12] Wholly-owned subsidiary of Brilliant Basics Holding Limited.

[13] Wholly-owned subsidiary of Infosys Consulting Pte Ltd

[14] On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody

[15] Liquidated effective May 17, 2018

[16] Wholly-owned subsidiary of WongDoody

[17] Incorporated effective August 6, 2018

[18] On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries

[19] Wholly-owned subsidiary of Fluido Oy

[20] On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd

[21] Incorporated effective December 19,2018

[22] Incorporated effective November 29, 2018

[23] Incorporated effective November 27, 2018, wholly owned subsidiary Infosys Public Services Inc

[24] Liquidated effective May 9, 2017, wholly owned subsidiary Infosys Public Services Inc

Name of Associates
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, 2018 and December 31, 2017 are as follows:

(In ₹)

Particulars	As at December 31,	
	2018	2017
Trade receivables		
Infosys Technologies (China) Co. Limited (Infosys China)	93,29,246	49,49,755
Infosys Consulting AG	45,79,639	10,87,734
Infosys Consulting GmbH	9,90,11,312	1,23,64,582
Infy Consulting Company Limited	3,75,15,751	22,23,874
Infosys Consulting Pte Ltd.	2,19,42,067	2,23,75,340
	17,23,78,015	4,30,01,285
Other Receivables		
Infosys Consulting GmbH	6,42,399	–
Infy Consulting Company Limited	13,466	–
Infosys Consulting Pte Ltd.	1,41,47,707	28,68,600
	1,48,03,572	28,68,600
Borrowings		
Infosys Consulting Holding AG	90,22,72,823	41,85,56,028
	90,22,72,823	41,85,56,028
Trade payables		
Infosys Consulting AG	8,31,02,936	6,39,13,358
Infosys Consulting GmbH	–	14,44,208
Infy Consulting Company Limited	1,33,590	1,29,420
Infosys Consulting Pte Ltd.	9,81,26,307	8,48,97,247
	18,13,62,833	15,03,84,233
Other payables		
Infosys Consulting AG	34,97,22,432	32,17,40,101
Infy Consulting Company Limited	8,66,42,952	8,35,10,188
Infosys Consulting Holding AG	23,88,29,027	22,62,30,200
Infy Consulting B.V.	3,81,041	–
Infosys Limited	16,37,927	14,58,298
	67,72,13,379	63,29,38,787
Provision for Expense		
Infosys Limited	23,96,853	17,67,393
	23,96,853	17,67,393

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

Particulars	As at December 31,	
	2018	2017
Capital transactions		
Financing transactions		
Loans (net of repayment)[1]		
Infosys Consulting Holding AG	48,37,16,795	(41,85,56,028)
	48,37,16,795	(41,85,56,028)
Revenue transactions		
Purchase of services, shared facilities and personnel		
Infosys Consulting Pte Ltd.	–	4,04,93,557
Infosys Consulting AG	1,34,22,855	2,22,72,640
Infosys Consulting GmbH	6,03,393	42,55,333
Infosys Consulting Pte Ltd.	68,81,319	–
Infy Consulting B.V.	3,83,888	–
Infosys Consulting Holding AG	1,87,999	–
Infy Consulting Company Limited	1,34,773	1,28,629
	2,16,14,227	6,71,50,159
Sale of services		
Infosys Technologies (China) Co. Limited (Infosys China)	1,81,81,193	70,05,733
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	2,03,50,383	1,97,58,299
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)	43,94,46,656	2,92,68,663
Infy Consulting Company Limited (formerly Lodestone Management Consultants Ltd.)	11,93,32,679	3,04,10,040
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd)	(11,08,364)	1,27,00,705
	59,62,02,547	9,91,43,440

[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.

Infy Consulting B.V.

Independent Auditor's Report

To the Members of Infy Consulting B.V..

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infy Consulting B.V. ('the Company'), which comprises the Balance Sheet as at 31 December, 2018, 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 notes to the financial statement including a summary of significant accounting policies and other explanatory information (herein after referred to as 'Ind AS financial statements').

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 31 December, 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.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's 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 issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the Code of Ethics.

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.

Responsibilities of Management's and those charged with Governance for the financial Statement:

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

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.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements:

Our objective 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

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 there under.

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

M. Rathnakar Kamath
Partner
Membership number: 202841

Bengaluru
January 9, 2019

Balance Sheet

In ₹

Particulars	Note no.	As at December 31,	
		2018	2017
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	5,43,434	21,06,627
Financial assets			
Loans	2.2	75,38,898	23,92,83,891
Income tax assets, net	2.13	2,47,56,000	2,21,50,346
Total non-current assets		3,28,38,332	26,35,40,864
Current assets			
Financial assets			
Trade receivables	2.4	9,29,73,464	8,71,04,867
Cash and cash equivalents	2.5	10,75,94,322	9,59,92,728
Loans	2.2	19,26,997	25,15,041
Other financial assets	2.3	1,19,84,274	1,47,61,490
Other current assets	2.6	61,26,614	1,14,78,705
Total current assets		22,06,05,671	21,18,52,831
Total assets		25,34,44,003	47,53,93,695
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.8	53,27,009	53,27,009
Other equity		13,64,68,589	28,81,66,240
Total equity		14,17,95,598	29,34,93,249
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables	2.9	2,25,47,476	4,24,62,711
Other financial liabilities	2.10	7,56,49,041	8,60,01,621
Other current liabilities	2.11	1,34,51,856	1,93,33,972
Provisions	2.12	–	96,695
Income tax liabilities (net)	2.13	32	3,40,05,447
Total current liabilities		11,16,48,405	18,19,00,446
Total equity and liabilities		25,34,44,003	47,53,93,695

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

Walter Johan Schulze
Director

Bengaluru
January 9, 2019

Statement of Profit and Loss

In ₹, except equity share and per equity share data

Particulars	Note no.	Years ended December 31, 2018	2017
Revenue from operations	2.14	56,46,89,313	65,30,32,191
Other income, net	2.15	1,49,19,176	22,26,223
Total income		57,96,08,489	65,52,58,414
Expenses			
Employee benefit expenses	2.16	35,68,51,668	39,40,25,636
Cost of technical sub-contractors		90,16,469	8,92,62,792
Travel expenses		5,76,82,550	6,59,16,333
Communication expenses		51,34,310	1,24,47,994
Consultancy and professional charges		4,51,47,107	5,51,70,077
Depreciation expense	2.1	16,74,850	22,20,008
Finance cost		–	1,68,356
Other expenses	2.16	1,69,52,005	1,93,77,707
Total expenses		49,24,58,959	63,85,88,903
Profit before tax		8,71,49,530	1,66,69,511
Tax expense			
Current tax	2.13	2,73,31,381	(94,71,608)
Profit for the year		5,98,18,149	2,61,41,119
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		(21,15,15,800)	1,78,12,637
Total other comprehensive income/(loss), net of tax		(21,15,15,800)	1,78,12,637
Total comprehensive income for the year		(15,16,97,651)	4,39,53,756
Earnings per equity share			
Equity shares of par value EUR 5/- each			
Basic and diluted (₹)		3,323.23	1,452.28
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

Walter Johan Schulze
Director

Bengaluru
January 9, 2019

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, 2017	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
Changes in equity for the year ended December 31, 2018				
Currency translation	–	–	(21,15,15,800)	(21,15,15,800)
Profit for the year	–	5,98,18,149	–	5,98,18,149
Balance as of December 31, 2018	53,27,009	33,73,87,699	(20,09,19,110)	14,17,95,598

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

As per our report of even date attached.

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

for and on behalf of the Board of Directors of Infy Consulting B.V.

M. Rathnakar Kamath
Partner
Membership number: 202841

Walter Johan Schulze
Director

Bengaluru
January 9, 2019

Statement of Cash Flows

In ₹

Particulars	Years ended December 31,	
	2018	2017
Cash flows from operating activities		
Profit for the year	5,98,18,149	2,61,41,119
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation expense	16,74,850	22,20,008
Income tax expense	2,73,31,381	(94,71,608)
(Reversal)/ allowance for credit losses on financial assets	7,93,800	(2,02,023)
Finance cost	–	1,68,356
Interest and dividend income	(16,75,252)	(25,98,099)
Other adjustments	(1,01,184)	95,225
Exchange differences on translation of assets and liabilities	(21,16,22,968)	1,76,32,800
Changes in assets and liabilities		
Trade receivables and unbilled revenue	(66,62,397)	4,99,48,332
Loans and other financial assets and other assets	81,29,307	5,31,41,242
Trade payables	(1,99,15,235)	(1,32,10,732)
Other financial liabilities, other liabilities and provisions	(1,62,34,696)	(5,38,46,766)
Cash generated from operations	(15,84,64,245)	7,00,17,854
Income taxes paid	(6,39,42,450)	(2,42,34,839)
Net cash generated by operating activities	(22,24,06,695)	4,57,83,015
Cash flow from investing activities		
Expenditure on property, plant and equipment net of sale proceeds	–	(9,37,783)
Loan to Parent Company	22,98,10,155	(10,38,78,907)
Loans to employees	25,22,882	4,36,615
Interest and dividend received on investments	16,75,252	25,98,099
Net cash used in investing activities	23,40,08,289	(10,17,81,976)
Cash flow from financing activities		
Repayment of borrowings, net of interest	–	-
Finance cost	–	(1,68,356)
Net cash used in financing activities	–	(1,68,356)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	-	-
Net (decrease)/ increase in cash and cash equivalents	1,16,01,594	(5,61,67,317)
Cash and cash equivalents at the beginning of the year	9,59,92,728	15,21,60,045
Cash and cash equivalents at the end of the year	10,75,94,322	9,59,92,728

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

For and on behalf of the Board of Directors of Infy Consulting B.V.

M. Rathnakar Kamath
Partner
Membership number: 202841

Walter Johan Schulze
Director

Bengaluru
January 9, 2019

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.

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 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 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 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

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 Euros. 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.

1.15 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 Recent accounting pronouncements

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.

- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach).

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

The Company will adopt the standard on January 1, 2019 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended December 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

The Company has adopted Appendix B to Ind AS 21 - Foreign Currency Transactions and Advance Consideration which clarifies the date of 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. The effect on account of adoption of this amendment was insignificant.

2.1 Property, plant and equipment

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

In ₹

Particulars	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2018	56,548	87,99,666	5,86,748	94,42,962
Translation difference	2,557	3,97,842	26,527	4,26,926
Gross carrying value as of December 31, 2018	59,105	91,97,508	6,13,275	98,69,888
Accumulated depreciation as of January 1, 2018	56,548	66,93,039	5,86,748	73,36,335
Depreciation	–	16,74,850	–	16,74,850
Translation difference	2,557	2,86,185	26,527	3,15,269
Accumulated depreciation as of December 31, 2018	59,105	86,54,074	6,13,275	93,26,454
Carrying value as of December 31, 2018	–	5,43,434	–	5,43,434
Carrying value as of January 1, 2018	–	21,06,627	–	21,06,627

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/ adjustments	–	9,38,195	–	9,38,195
Deletions/ adjustments	–	(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 December 31, 2017	–	21,06,627	–	21,06,627
Carrying value as of January 1, 2017	–	32,07,545	–	32,07,545

2.2 Loans

In ₹

Particulars	As at December 31,	
	2018	2017
Non-current		
Unsecured, considered good		
Other loans		
Loans to employees	75,38,898	94,73,736
Unsecured, considered doubtful		
Loan to parent company	–	22,98,10,155
	75,38,898	23,92,83,891
Current		
Loan receivables considered good – unsecured		
Other loans		
Loans and advances to employees	19,26,997	25,15,041
	19,26,997	25,15,041
Total loans	94,65,895	24,17,98,932

2.3 Other financial assets

In ₹

Particulars	As at December 31,	
	2018	2017
Current		
Unbilled revenues[(1)]	–	1,19,55,779
Others [(2)]	1,19,84,274	28,05,711
Total	1,19,84,274	1,47,61,490
(1) Financial assets carried at amortized cost	1,19,84,274	1,47,61,490
(2) Includes dues from related party (Refer to Note 2.17)	1,19,84,274	5,46,247

2.4 Trade receivables

In ₹

Particulars	As at December 31,	
	2018	2017
Current		
Unsecured		
Considered good	9,29,73,464	8,71,04,867
Considered doubtful	10,76,502	99,049
	9,40,49,966	8,72,03,916
Less: Allowances for credit loss	(10,76,502)	(99,049)
	9,29,73,464	8,71,04,867
(1) Includes dues from related parties (Refer to Note 2.17)	9,40,49,966	5,68,24,932

2.5 Cash and cash equivalents

In ₹

Particulars	As at December 31,	
	2018	2017
Balances with banks		
In current accounts	10,75,94,322	9,59,92,728
Total cash and cash equivalents	10,75,94,322	9,59,92,728

2.6 Other assets

In ₹

Particulars	As at December 31,	
	2018	2017
Current		
Others		
Prepaid expenses	60,502	64,320
Withholding taxes and others	60,66,112	1,14,14,385
Total current other assets	61,26,614	1,14,78,705

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,	
	2018	2017
Assets		
Cash and cash equivalents (Refer to Note 2.5)	10,75,94,322	9,59,92,728
Trade receivables (Refer to Note 2.4)	9,29,73,464	8,71,04,867
Loans (Refer to Note 2.2)	94,65,895	24,17,98,932
Other financial assets (Refer to Note 2.3)	1,19,84,274	1,47,61,490
Total	22,20,17,955	43,96,58,017
Liabilities		
Trade payables (Refer to Note 2.9)	2,25,47,476	4,24,62,711
Other financial liabilities (Refer to Note 2.10)	6,04,31,287	6,86,85,830
Total	8,29,78,763	11,11,48,541

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 ₹9,29,73,464 and ₹8,71,04,867 as of December 31, 2018 and December 31, 2017, respectively and unbilled revenue amounting to ₹Nil and ₹11,955,779 as of December 31, 2018 and December 31, 2017, 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 international credit rating agencies and the Company's historical experience for customers.

Credit risk exposure

The provision for lifetime ECL on customer balances for the year ended December 31, 2018 was ₹793,800 and a life time ECL reversal of ₹449,854 for the year ending March 31, 2017, respectively.

In ₹

Particulars	Years ended December 31,	
	2018	2017
Balance at the beginning	1,52,462	6,02,248
Impairment loss recognized/ reversed	7,93,800	(4,49,854)
Translation differences	1,30,240	68
Balance at the end	10,76,502	1,52,462

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, 2018, the Company had a working capital of ₹10,89,57,266 including cash and cash equivalents of ₹10,75,94,322. 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.

2.8 Equity

Equity share capital

In ₹

Particulars	As at December 31,	
	2018	2017
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
	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,			
	2018		2017	
	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, 2018.

2.9 Trade payables

In ₹

Particulars	As at December 31,	
	2018	2017
Trade payables *	2,25,47,476	4,24,62,711
Total trade payables	2,25,47,476	4,24,62,711
*Includes dues to related parties (Refer to Note 2.17)	77,46,921	2,66,60,184

2.10 Other financial liabilities

In ₹

Particulars	As at December 31,	
	2018	2017
Current		
Others		
Accrued compensation to employees	4,74,20,392	2,77,32,780
Accrued expenses [(1)]	52,32,452	1,18,41,679
Compensated absences	1,52,17,754	1,73,15,791
Other payables [(2)]	77,78,443	2,91,11,371
Total financial liabilities	7,56,49,041	8,60,01,621
Financial liability carried at amortized cost	6,04,31,287	6,86,85,830
(1) Includes dues to related party (Refer to Note 2.17)	7,83,092	1,60,790
(2) Includes dues to related parties (Refer to Note 2.17)	77,78,442	2,91,11,371

2.11 Other liabilities

In ₹

Particulars	As at December 31,	
	2018	2017
Current		
Unearned revenue	8	71,18,767
Others		
Withholding taxes and others	1,34,51,848	1,22,15,205
Total other liabilities	1,34,51,856	1,93,33,972

2.12 Provisions

In ₹

Particulars	As at December 31,	
	2018	2017
Current		
Others		
Post-sales client support and warranties	–	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,	
	2018	2017
Current taxes	2,73,31,381	(94,71,608)
Income tax expense	2,73,31,381	(94,71,608)

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,	
	2018	2017
Profit before income tax	8,71,49,530	1,66,69,511
Enacted tax rates in Netherlands (%)	25.00%	25.00%
Computed expected tax expense	2,17,87,383	41,67,378
Overseas taxes	55,43,998	(1,36,45,595)
Others	–	6,609
Income tax expense	2,73,31,381	(94,71,608)

The applicable Netherlands statutory tax rate for fiscal 2018 and fiscal 2017 is 25 %.

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

In ₹

Particulars	Years ended December 31,	
	2018	2017
Income tax assets	2,47,56,000	2,21,50,346
Current income tax liabilities	32	3,40,05,447
Net current income tax assets/ (liability) at the end	2,47,55,968	(1,18,55,101)

In ₹

Particulars	Years ended December 31,	
	2018	2017
Net current income tax asset/ (liability) at the beginning	(1,18,55,101)	(4,55,61,548)
Income tax paid	6,39,42,450	2,42,34,839
Current income tax expense (Refer to Note 2.13)	(2,73,31,381)	94,71,608
Net current income tax asset/ (liability) at the end	2,47,55,968	(1,18,55,101)

2.14 Revenue from operations

In ₹

Particulars	Years ended December 31,	
	2018	2017
Income from consultancy services	56,46,89,313	65,30,32,191
	56,46,89,313	65,30,32,191

2.15 Other income

In ₹

Particulars	Years ended December 31	
	2018	2017
Interest received on financial assets carried at amortized cost		
Deposits with banks and others	16,75,252	25,98,099
Exchange gains / (losses) on translation of other assets and liabilities	(4,01,224)	(3,71,876)
Miscellaneous income, net	1,36,45,148	–
	1,49,19,176	22,26,223

2.16 Expenses

In ₹

Particulars	Years ended December 31,	
	2018	2017
Employee benefit expenses		
Salaries including bonus	35,56,53,487	39,16,28,379
Staff welfare	11,98,181	23,97,257
	35,68,51,668	39,40,25,636

In ₹

Particulars	Years ended December 31,	
	2018	2017
Other expenses		
Power and fuel	1,08,685	85,783
Brand and marketing	23,68,405	20,72,844
Operating lease payments	70,64,512	89,08,325
Rates and taxes	23,39,122	27,09,077
Repairs and maintenance	34,99,286	45,14,204
Insurance	3,70,913	4,00,993
Provision/(Reversals) for post–sales client support	(1,01,184)	95,225
(Reversal)/Allowances for credit losses on financial assets	7,93,800	(2,02,023)
Others	5,08,466	7,93,279
	1,69,52,005	1,93,77,707

2.17 Related party transactions

List of related parties:

Name of the holding company	Country	Holding as at December 31,	
		2018	017
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland	100%	100%

Ultimate holding company

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

List of fellow subsidiaries:

Name of subsidiary companies	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)	U.S.
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH (formerly Lodestone Management Consultants GmbH)[1]	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	U.S.
Infosys Chile SpA[2]	Chile
Infosys Arabia Limited[3]	Saudi Arabia
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) [3]	Brazil
Infosys CIS LLC[1][22]	Russia
Infosys Luxembourg S.a.r.l [1][17]	Luxembourg
Infosys Americas Inc., (Infosys Americas)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)[4]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.
Infosys Canada Public Services Inc[23]	Canada
Infosys Canada Public Services Ltd[24]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited 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]	U.S.
Portland Group Pty Ltd[5]	Australia
Infosys BPO Americas LLC.[5]	U.S.
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc.[6][15]	U.S.
Infosys Management Consulting Pty Limited[6]	Australia
Infosys Consulting AG[6]	Switzerland
Infosys Consulting GmbH[6]	Germany
Infosys Consulting SAS[6]	France
Infosys Consulting s.r.o.[6]	Czech Republic
Lodestone Management Consultants Co., Ltd.[6]	China
Infy Consulting Company Ltd[6]	U.K.
Infosys Consulting 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.[6]	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)[7]	Belgium
Panaya Inc. (Panaya)	U.S.
Panaya Ltd.[8]	Israel
Panaya GmbH[8]	Germany
Panaya Japan Co. Ltd[4][8]	Japan
Noah Consulting LLC (Noah)[9]	U.S.
Noah Information Management Consulting Inc. (Noah Canada)[10]	Canada

Name of subsidiary companies	Country
Brilliant Basics Holdings Limited (Brilliant Basics)[11]	U.K.
Brilliant Basics Limited[12]	U.K.
Brilliant Basics (MENA) DMCC[12]	Dubai
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[13]	Dubai
Fluido Oy[13][18]	Finland
Fluido Sweden AB (Extero)[19]	Sweden
Fluido Norway A/S[19]	Norway
Fluido Denmark A/S[19]	Denmark
Fluido Slovakia s.r.o[19]	Slovakia
Fluido Newco AB[19]	Sweden
Infosys Compaz PTE. Ltd (formerly Trusted Source Pte. Ltd) [13][20]	Singapore
Infosys South Africa (Pty) Ltd[13][21]	South Africa
WongDoody Holding Company Inc. (WongDoody) [14]	U.S.
WDW Communications, Inc[16]	U.S.
WongDoody, Inc[16]	U.S.

(1) Wholly-owned subsidiary of Infosys Limited
(2) Incorporated effective November 20, 2017
(3) Majority-owned and controlled subsidiary of Infosys Limited
(4) Under liquidation
(5) Wholly-owned subsidiary of Infosys BPM
(6) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(8) Wholly-owned subsidiary of Panaya Inc.
(9) Liquidated effective November 9, 2017
(10) Wholly-owned subsidiary of Noah. Liquidated effective December 20, 2017
(11) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holding Limited
(12) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(13) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(14) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
(15) Liquidated effective May 17, 2018
(16) Wholly-owned subsidiary of WongDoody
(17) Incorporated effective August 6, 2018
(18) On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
(19) Wholly-owned subsidiary of Fluido Oy
(20) On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
(21) Incorporated effective December 19,2018
(22) Incorporated effective November 29, 2018
(23) Incorporated effective November 27, 2018, wholly-owned subsidiary Infosys Public Services Inc
(24) Liquidated effective May 9, 2017, wholly-owned subsidiary Infosys Public Services Inc

Infosys has provided guarantee for performance of certain contracts entered into by its subsidiaries.

Associate

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,	
	2018	2017
Trade receivables		
Infosys Consulting GmbH	26,34,117	22,96,896
Infosys Consulting AG	88,13,849	47,86,638
Infy Consulting Company Ltd.	8,03,75,316	3,53,94,314
Infosys Consulting Belgium	22,26,684	1,43,47,084
	9,40,49,966	5,68,24,932
Other financial assets		
Infosys Limited	–	5,46,247
Infosys Consulting GmbH	43,80,316	–
Infosys Consulting Sp. Z.o.o.	4,68,020	–

Particulars	As at December 31, 2018	As at December 31, 2017
Infy Consulting Company Ltd.	23,41,743	–
Infosys Consulting Belgium	25,65,839	–
Infosys Consulting SAS	1,26,672	–
Infosys Consulting Pte Ltd	2,61,256	–
Infosys Consulting Ltda.	6,24,186	–
Lodestone Management Consultants Portugal, Unipessoal, Lda.	22,863	–
S.C. Infosys Consulting S.R.L.	1,32,803	–
Lodestone Management Consultants Co., Ltd.	3,81,041	–
Infosys Consulting S.R.L.	82,040	–
Infosys Management Consulting Pty Limited	5,97,495	–
	1,19,84,274	5,46,247
Trade payables		
Infosys Consulting GmbH	–	2,60,74,410
Infy Consulting Company Ltd.	77,46,921	5,85,774
	77,46,921	2,66,60,184
Other Financial Liabilities		
Infosys Consulting GmbH	39,88,781	5,06,858
Infy Consulting Company Ltd.	–	8,23,386
Infosys Consulting AG	16,01,896	1,38,137
Infosys Consulting Belgium	9,38,363	–
Infosys Consulting Holding AG	1,50,836	–
Infosys Limited	10,98,566	2,76,42,990
	77,78,442	2,91,11,371
Accrued expenses		
Infosys Limited	7,83,092	1,60,790
	7,83,092	1,60,790

In ₹

Particulars	Years ended December 31, 2018	Years ended December 31, 2017
Capital transactions		
Financing transactions		
Loans Given (Net of receipts)		
Infosys Consulting Holding AG	–	22,98,10,155
	–	22,98,10,155
Revenue transactions		
Purchase of shared services including facilities and personnel		
Infosys Consulting Belgium S.A.	27,60,507	1,27,62,834
Infosys Consulting GmbH	1,37,85,833	3,24,83,709
Infosys Consulting Holding AG	1,51,830	–
EdgeVerve Systems Limited	–	1,50,077
Infosys Poland Sp z.o.o	–	1,16,474
Infosys Consulting AG	27,39,898	43,00,714
Infy Consulting Company Ltd.	93,87,326	11,34,275
	2,88,25,394	5,09,48,083
Interest income		
Infosys Consulting Holding AG	16,75,252	25,98,099
	16,75,252	25,98,099
Sale of services		
Infosys Consulting AG	24,26,327	45,26,897
Infosys Consulting GmbH	44,04,959	2,86,99,687
Infy Consulting Company Ltd.	23,54,916	33,71,83,944
Infosys Consulting S.R.L.	82,502	–
Infosys Management Consulting Pty Limited	6,00,856	–
Infosys Consulting (Belgium) NV	17,47,401	–
Infosys Consulting Ltda.	6,27,697	–
Lodestone Management Consultants Co., Ltd.	3,83,185	–

Particulars	Years ended December 31,	
	2018	2017
Lodestone Management Consultants Portugal, Unipessoal, Lda.	22,991	–
S.C. Infosys Consulting S.R.L.	1,33,551	–
Infosys Consulting Pte Ltd.	2,62,726	–
Infosys Consulting SAS	1,27,385	–
Infosys Consulting Sp. z.o.o.	4,70,653	26,83,610
	1,36,45,149	37,30,94,138

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.

Infosys Consulting Sp. z.o.o

Independent Auditor's Report

To the Members of Infosys Consulting Sp.z.o.o

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys Consulting Sp.z.o.o ('the company'), which comprises the Balance Sheet as at December 31, 2018, 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 notes to the financial statement including a summary of significant accounting policies and other explanatory information (herein after referred to as 'Ind AS financial statements').

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, 2018 and its financial performance including other comprehensive income, its cash flows, and the changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's 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 issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the Code of Ethics.

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.

Responsibilities of Management's and those charged with Governance for the financial Statement:

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

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.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements:

Our objective 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

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 there under.

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

M. Rathnakar Kamath
Partner
Membership number: 202841

Bengaluru
January 9, 2019

Balance Sheet

In ₹

Particulars	Note no.	As at December 31, 2018	As at December 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	62,65,663	56,26,915
Income tax assets (net)	2.13	1,81,85,203	–
Deferred tax assets (net)	2.13	1,86,69,663	2,59,69,099
Financial Assets			
Loans	2.2	–	3,75,820
Total non-current assets		4,31,20,529	3,19,71,834
Current assets			
Financial assets			
Trade receivables	2.4	14,04,13,539	22,48,92,620
Cash and cash equivalents	2.5	17,82,19,962	12,23,75,257
Loans	2.2	19,59,751	2,35,593
Other financial assets	2.3	96,15,953	1,03,48,185
Other current assets	2.6	1,80,72,826	1,13,61,872
Total current assets		34,82,82,031	36,92,13,527
Total assets		39,14,02,560	40,11,85,361
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.8	2,04,91,803	2,04,91,803
Other equity		10,47,49,680	6,69,12,732
Total equity		12,52,41,483	8,74,04,535
Liabilities			
Non Current liabilities			
Financial liabilities			
Other financial liabilities	2.9	14,08,390	–
		14,08,390	–
Current liabilities			
Financial liabilities			
Trade payables	2.10	3,35,70,129	2,92,90,249
Other financial liabilities	2.9	13,98,50,529	12,53,35,676
Other current liabilities	2.11	2,77,93,020	10,00,73,804
Provisions	2.12	35,928	16,461
Income tax liabilities, net	2.13	6,35,03,081	5,90,64,636
Total current liabilities		26,47,52,687	31,37,80,826
Total equity and liabilities		39,14,02,560	40,11,85,361

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 Sp.z.o.o

Agnieszka Jackowska
Director

Bengaluru
January 9, 2019

Statement of Profit and Loss

In ₹, except equity share and per equity share data

Particulars	Note no.	Years ended December 31,	
		2018	2017
Revenue from operations	2.14	1,15,49,41,290	1,08,13,67,328
Other income, net	2.15	1,40,253	1,57,336
Total income		1,15,50,81,543	1,08,15,24,664
Expenses			
Employee benefit expenses	2.16	68,71,76,565	58,01,58,674
Cost of technical sub-contractors		19,71,95,558	18,76,15,932
Travel expenses		7,39,51,608	9,06,45,876
Communication expenses		42,97,813	51,97,914
Consultancy and professional charges		5,97,16,275	4,69,54,759
Depreciation expenses	2.1	34,46,877	43,56,132
Other expenses	2.16	5,57,07,664	5,76,53,622
Total expenses		1,08,14,92,360	97,25,82,909
Profit before tax		7,35,89,183	10,89,41,755
Tax expense			
Current tax	2.13	2,84,49,819	1,86,89,519
Deferred tax	2.13	83,33,432	1,36,16,038
Profit for the year		3,68,05,932	7,66,36,198
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		10,31,016	14,18,496
Total other comprehensive income/ (loss), net of tax		10,31,016	14,18,496
Total comprehensive income/ (loss) for the Year		3,78,36,948	7,80,54,694
Earnings per equity share			
Equity shares of PLN 100 par value each			
Basic (₹)		3,680.59	7,663.62
Diluted (₹)		3,680.59	7,663.62
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

for and on behalf of the Board of Directors of Infosys Consulting Sp.z.o.o

M. Rathnakar Kamath
Partner
Membership number: 202841

Agnieszka Jackowska
Director

Bengaluru
January 9, 2019

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	General reserve	Exchange difference on translation	
Balance as of January 1, 2017	2,04,91,803	(5,95,49,613)	3,52,05,867	1,32,01,784	93,49,841
Changes in equity for the year ended December 31, 2017					
Currency translation	–	–	–	14,18,496	14,18,496
Profit for the year	–	7,66,36,198	–	–	7,66,36,198
Balance as of December 31, 2017	2,04,91,803	1,70,86,585	3,52,05,867	1,46,20,280	8,74,04,535
Changes in equity for the year ended December 31, 2018					
Currency translation	–	–	–	10,31,016	10,31,016
Profit for the year	–	3,68,05,932	–	–	3,68,05,932
Balance as of December 31, 2018	2,04,91,803	5,38,92,517	3,52,05,867	1,56,51,296	12,52,41,483

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 9,2019

for and on behalf of the Board of Directors of Infosys Consulting Sp.z.o.o

Agnieszka Jackowska
Director

Statements of Cash Flows

In ₹

Particulars	Years ended December 31,	
	2018	2017
Cash flows from operating activities		
Profit for the year	3,68,05,932	7,66,36,198
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation expense	34,46,877	43,56,132
Income tax expense	3,67,83,251	3,23,05,557
Allowance for credit losses on financial assets	(1,03,582)	2,71,293
Provision/ reversal for post-sales client support and warranties	4,447	(2,66,122)
Exchange differences on translation of assets and liabilities	90,262	(37,34,166)
Changes in assets and liabilities		
Trade receivables	8,45,35,301	(12,51,86,923)
Other financial assets and other assets	(59,78,722)	28,16,558
Trade payables	42,79,880	53,60,513
Other financial liabilities, other liabilities and provisions	(5,63,42,521)	(2,30,68,615)
Cash generated/ (used) from operations	10,35,21,125	(3,05,09,575)
Income taxes paid	(4,21,96,577)	(3,07,84,647)
Net cash generated/ (used) from operating activities	6,13,24,548	(6,12,94,222)
Cash flow from investing activities		
Expenditure on property, plant and equipment net of sale proceeds	(41,31,505)	(36,49,177)
Loans to employees	(13,48,338)	8,17,680
Net cash used in investing activities	(54,79,843)	(28,31,497)
Cash flow from financing activities		
Net cash used in financing activities	–	–
Net increase/ (decrease) in cash and cash equivalents	5,58,44,705	(6,41,25,719)
Cash and cash equivalents at the beginning of the year	12,23,75,257	18,65,00,976
Cash and cash equivalents at the end of the year	17,82,19,962	12,23,75,257

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 Sp.z.o.o

Agnieszka Jackowska
Director

Bengaluru
January 9,2019

Significant Accounting Policies

Company overview

Infosys Consulting Sp.z.o.o 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 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 rules issued thereafter.

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 post sales support for corrections of errors and support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in 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:

Leasehold Improvements	5 years
Office Equipment (1)	5 years
Computer equipment (1)	3-5 years
Furniture and fixtures (1)	5 years

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

[1] 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.

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 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 Polish Zloty. 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.

1.15 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 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 Recent Accounting Pronouncements

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.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach).

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

The Company will adopt the standard on January 1, 2019 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended December 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

The Company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of 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. The effect on account of adoption of this amendment was insignificant.

2.1 Property, Plant and Equipment

The changes in the carrying value of Property, plant and equipment are as follows:

In ₹

Particulars	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvement	Total
Gross carrying value as of January 1, 2018	3,18,809	2,41,10,652	10,40,040	3,49,525	2,58,19,026
Additions	–	41,31,505	–	–	41,31,505
Deletions	–	–	–	–	–
Translation difference	4,707	1,55,581	15,353	5,160	1,80,801
Gross carrying value as of December 31, 2018	3,23,516	2,83,97,738	10,55,393	3,54,685	3,01,31,332
Accumulated depreciation as of January 1, 2018	1,44,794	1,95,45,586	2,27,595	2,74,136	2,01,92,111
Depreciation	56,635	32,12,069	1,19,400	58,773	34,46,877
Accumulated depreciation on deletions	–	–	–	–	–
Translation difference	983	2,21,926	924	2,848	2,26,681
Accumulated depreciation as of December 31, 2018	2,02,412	2,29,79,581	3,47,919	3,35,757	2,38,65,669
Carrying value as of December 31, 2018	1,21,104	54,18,157	7,07,474	18,928	62,65,663
Carrying value as of January 1, 2018	1,74,015	45,65,066	8,12,445	18,928	56,26,915

The changes in the carrying value of Property, plant and equipment are as follows:

In ₹

Particulars	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvement	Total
Gross carrying value as of January 1, 2017	2,08,831	1,87,05,992	2,20,828	3,09,585	1,94,45,236
Additions	80,494	28,93,592	7,67,540	–	37,41,626
Deletions	–	(95,143)	–	–	(95,143)
Translation difference	29,484	26,06,211	51,672	39,940	27,27,307
Gross carrying value as of December 31, 2017	3,18,809	2,41,10,652	10,40,040	3,49,525	2,58,19,026
Accumulated depreciation as of January 1, 2017	88,677	1,33,61,392	1,68,305	1,92,557	1,38,10,931
Depreciation	42,373	42,23,455	36,482	53,822	43,56,132
Accumulated depreciation on deletions	–	(2,694)	–	–	(2,694)
Translation difference	13,744	19,63,433	22,808	27,757	20,27,742
Accumulated depreciation as of December 31, 2017	1,44,794	1,95,45,586	2,27,595	2,74,136	2,01,92,111
Carrying value as of December 31, 2017	1,74,015	45,65,066	8,12,445	75,389	56,26,915
Carrying value as of January 1, 2017	1,20,154	53,44,600	52,523	1,17,028	56,34,305

2.2 Loans

In ₹

Particulars	As at December 31	
	2018	2017
Non Current		
Unsecured, considered good		
Other loans		
Loans and advances to employees	–	3,75,820
Total non-current Loans	–	3,75,820
Current		
Unsecured, considered good		
Other loans		
Loans and advances to employees	19,59,751	2,35,593
Total Current Loans	19,59,751	2,35,593
Total loans	19,59,751	6,11,413

2.3 Other financial assets

In ₹

Particulars	As at December 31	
	2018	2017
Current		
Security deposits [1]	25,62,655	25,25,375
Rental deposits [1]	66,02,381	65,06,334
Unbilled revenues [1]	–	9,84,468
Others [1]	4,50,917	3,32,008
	96,15,953	1,03,48,185
Total	96,15,953	1,03,48,185
[1] Financial assets carried at amortized cost	96,15,953	1,03,48,185

2.4 Trade Receivables

In ₹

Particulars	As at December 31	
	2018	2017
Current		
Unsecured		
Considered good[1]	14,04,13,539	22,48,92,620
Considered doubtful	3,62,324	4,12,602
	14,07,75,863	22,53,05,222
Less: Allowances for credit losses	(3,62,324)	(4,12,602)
Total trade receivables	14,04,13,539	22,48,92,620
[1] Includes dues from related parties (Refer to Note 2.18)	5,86,00,816	5,93,37,342

2.5 Cash and cash equivalents

In ₹

Particulars	As at December 31	
	2018	2017
Balances with banks		
In current accounts	17,81,89,290	12,23,24,104
Cash on hand	30,672	51,153
Total cash and cash equivalents	17,82,19,962	12,23,75,257

2.6 Other assets

In ₹

Particulars	As at December 31	
	2018	2017
Current		
Others		
Withholding taxes and others	1,80,72,826	1,13,61,872
	1,80,72,826	1,13,61,872
Total current other assets	1,80,72,826	1,13,61,872

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	
	2018	2017
Assets		
Cash and cash equivalents (Refer to Note 2.5)	17,82,19,962	12,23,75,257
Trade receivables (Refer to Note 2.4)	14,04,13,539	22,48,92,620
Loans (Refer to Note 2.2)	19,59,751	6,11,413
Other financial assets (Refer to Note 2.3)	96,15,953	1,03,48,185
Total	33,02,09,205	35,82,27,475
Liabilities		
Trade payables (Refer to Note 2.10)	3,35,70,129	2,92,90,249
Other financial liabilities (Refer to Note 2.9)	11,39,46,654	10,29,43,961
Total	14,75,16,783	13,22,34,210

All the above financial assets and financial 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.

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 ₹14,04,13,539 and ₹22,48,92,620 as of December 31, 2018 and December 31, 2017, respectively and unbilled revenue amounting to ₹NIL and ₹9,84,468 as of December 31, 2018 and December 31, 2017, respectively. Trade receivables and unbilled revenue are typically unsecured. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses 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 international 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, 2018 was ₹1,03,582. The allowance for lifetime ECL on customer balances for the year ended December 31, 2017 was ₹2,71,293.

In ₹

Particulars	Years ended March 31,	
	2018	2017
Balance at the beginning	4,18,544	1,36,589
Impairment loss recognized/ (reversal)	(1,03,582)	2,71,293
Translation differences	47,362	10,662
Balance at the end	3,62,324	4,18,544

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

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents. The Company has no outstanding borrowings.

As of December 31, 2018, the Company had a working capital of ₹8,35,29,343 including cash and cash equivalents of ₹17,82,19,962. As of December 31, 2017, the Company had a working capital of ₹5,54,32,701 including cash and cash equivalents of ₹12,23,75,257.

As of December 31, 2018 and December 31, 2017 the outstanding compensated balances were ₹2,73,12,265 and ₹2,23,91,715 respectively.

2.8 Equity

Equity share capital

in ₹, except as stated otherwise

Particulars	As at December 31,	
	2018	2017
Authorized		
10,000 (10,000) equity shares of PLN 100 par value, fully paid	2,04,91,803	2,04,91,803
Issued, subscribed and paid up		
10,000 (10,000) equity shares of PLN 100 par value, fully paid	2,04,91,803	2,04,91,803
	2,04,91,803	2,04,91,803

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

in ₹, except as stated otherwise

Name of the shareholder	As at December 31, 2018		As at December 31, 2017	
	Number of shares	% held	Number of shares	% held
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	10,000	100.00	10,000	100.00

There is no change in the number of shares for the above reporting periods.

2.9 Other financial liabilities

In ₹

Particulars	As at December 31,	
	2018	2017
Non Current		
Unsecured, considered good		
Other loans		
Loans and advances to employees	14,08,390	–
	14,08,390	–
Current		
Others		
Accrued compensation to employees	7,64,80,817	6,82,73,484
Accrued expenses [(1)]	3,19,97,183	2,99,47,882
Compensated absences	2,73,12,265	2,23,91,715
Other payables [(2)]	40,60,264	47,22,595
	13,98,50,529	12,53,35,676
Total financial liabilities	14,12,58,919	12,53,35,676
Financial liability carried at amortized cost	113,946,654	10,29,43,961
[(1)] Includes dues to related parties (Refer to Note No.2.18)	11,78,996	7,49,718
[(2)] Includes dues to related parties (Refer to Note No.2.18)	28,81,773	8,12,078

2.10 Trade payables

In ₹

Particulars	As at December 31,	
	2018	2017
Trade payables[(1)]	3,35,70,129	2,92,90,249
	3,35,70,129	2,92,90,249
[(1)] Includes dues to related parties (Refer to Note No.2.18)	94,84,404	81,98,142

2.11 Other liabilities

In ₹

Particulars	As at December 31,	
	2018	2017
Current		
Unearned revenue	2,19,20,083	9,72,00,787
Others		
Withholding taxes and others	58,72,937	28,73,017
Total Other Liabilities	2,77,93,020	10,00,73,804

2.12 Provisions

In ₹

Particulars	As at December 31,	
	2018	2017
Current		
Others		
Post-sales client support and others	35,928	16,461
	35,928	16,461

2.13 Income taxes

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

In ₹

Particulars	Years ended December 31,	
	2018	2017
Current taxes	2,84,49,819	1,86,89,519
Deferred taxes	83,33,432	1,36,16,038
Income tax expense	3,67,83,251	3,23,05,557

Current tax expense for the years ended December 31, 2018 and December 31, 2017 includes reversals (net of provisions) amounting to ₹23,46,120 and ₹10,37,885 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,	
	2018	2017
Profit before income tax	7,35,89,183	10,89,41,755
Enacted tax rates in Romania (%)	19.00%	19.00%
Computed expected tax expense	1,39,81,945	2,06,98,933
Tax provisions/ (reversal)	(23,46,120)	(10,37,885)
Effect of non-deductible expenses	45,25,010	–
Others	2,06,22,416	1,26,44,509
Income tax expense	3,67,83,251	3,23,05,557

The applicable statutory tax rate for the year ended December 31 2018 and December 31, 2017 is 19%.

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

In ₹

Particulars	Years ended December 31,	
	2018	2017
Income tax assets	1,81,85,203	–
Current income tax liabilities	6,35,03,081	5,90,64,636
Net current income tax assets/ (liability) at the end	(4,53,17,878)	(5,90,64,636)

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

In ₹

Particulars	Years ended December 31,	
	2018	2017
Net current income tax asset/ (liability) at the beginning	(5,90,64,636)	(7,11,59,764)
Income tax paid	4,21,96,577	3,07,84,647
Current income tax expense (Refer to Note No.2.13)	(2,84,49,819)	(1,86,89,519)
Net current income tax asset/ (liability) at the end	(4,53,17,878)	(5,90,64,636)

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,	
	2018	2017
Deferred income tax assets		
Property, plant and equipment	80,848	21,438
Accrued compensation to employees	64,84,692	2,39,09,470
Compensated absences	51,89,330	10,84,739
Others	69,14,793	9,53,452
Total deferred income tax assets	1,86,69,663	2,59,69,099
Deferred income tax assets after set off	1,86,69,663	2,59,69,099

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

In ₹

Particulars	Years ended December 31,	
	2018	2017
Net deferred income tax asset at the beginning	2,59,69,099	3,51,21,377
Translation differences	10,33,996	44,63,760
Credits/ (charge) relating to temporary differences	(83,33,432)	(1,36,16,038)
Net deferred income tax asset at the end	1,86,69,663	2,59,69,099

The charge relating to temporary differences during the year ended December 31, 2018 are primarily on account of accrued compensation and compensated absences. The credits relating to temporary differences during the year ended December 31, 2017 are primarily on account of accrued compensation to employees and compensated absences.

2.14 Revenue from operations

In ₹

Particulars	Years ended December 31,	
	2018	2017
Income from consultancy services	1,15,49,41,290	1,08,13,67,328
	1,15,49,41,290	1,08,13,67,328

2.15 Other income

In ₹

Particulars	Years ended December 31,	
	2018	2017
Miscellaneous income, net	1,40,253	1,57,336
Total other income	1,40,253	1,57,336

2.16 Expenses

In ₹

Particulars	Years ended December 31,	
	2018	2017
Employee benefit expenses		
Salaries including bonus	67,66,47,056	56,89,22,464
Staff welfare	1,05,29,509	1,12,36,210
	68,71,76,565	58,01,58,674
Other expenses		
Power and fuel	4,69,192	8,90,800
Brand and marketing	7,04,846	4,57,058
Operating lease payments	3,26,26,673	2,24,24,874
Rates and taxes	12,29,052	1,24,442
Repairs and maintenance	98,67,575	54,87,447
Insurance	4,08,284	2,66,786
Provision/ reversal for post-sales client support and warranties	4,447	(2,66,122)
Allowances for credit losses on financial assets	(1,03,582)	2,71,293
Exchange (gains)/ losses on translation of other assets and liabilities	82,92,542	2,52,77,943
Others	22,08,635	27,19,101
	5,57,07,664	5,76,53,622

2.17 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the year are as follows:

In ₹

Particulars	Years ended December 31,	
	2018	2017
Lease rentals recognized during the period	3,26,26,673	2,24,24,874

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,	
	2018	2017
Future minimum lease payable		
Not later than 1 year	5,34,94,578	3,48,61,849
Later than 1 year and not later than 5 years	6,33,78,827	4,92,81,298
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 Related party transactions

List of related parties:

Name of the holding companies	Country	Holding as at December 31, 2018	2017
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland	100%	100%

Name of the utimate holding company	Country
Infosys Limited [1]	India

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

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)	U.S.
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH (formerly Lodestone Management Consultants GmbH)[1]	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	U.S.
Infosys Chile SpA[2]	Chile
Infosys Arabia Limited[3]	Saudi Arabia
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) [3]	Brazil
Infosys CIS LLC[1][22]	Russia
Infosys Luxembourg S.a.r.l [1][17]	Luxembourg
Infosys Americas Inc., (Infosys Americas)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)[4]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.
Infosys Canada Public Services Inc[23]	Canada
Infosys Canada Public Services Ltd[24]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited 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]	U.S.
Portland Group Pty Ltd[5]	Australia
Infosys BPO Americas LLC.[5]	U.S.
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc.[6][15]	U.S.
Infosys Management Consulting Pty Limited[6]	Australia
Infosys Consulting AG[6]	Switzerland
Infosys Consulting GmbH[6]	Germany
Infosys Consulting SAS[6]	France
Infosys Consulting s.r.o.[6]	Czech Republic
Lodestone Management Consultants Co., Ltd.[6]	China
Infy Consulting Company Ltd[6]	U.K.
Infy Consulting B.V.[6]	The Netherlands
Lodestone Management Consultants Portugal, Unipessoal, Lda. [6]	Portugal
S.C. Infosys Consulting S.R.L.[6]	Romania
Infosys Consulting S.R.L.[6]	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)[7]	Belgium
Panaya Inc. (Panaya)	U.S.
Panaya Ltd.[8]	Israel
Panaya GmbH[8]	Germany
Panaya Japan Co. Ltd[4][8]	Japan
Noah Consulting LLC (Noah)[9]	U.S.
Noah Information Management Consulting Inc. (Noah Canada)[10]	Canada
Brilliant Basics Holdings Limited (Brilliant Basics)[11]	U.K.
Brilliant Basics Limited[12]	U.K.

Name of subsidiaries	Country
Brilliant Basics (MENA) DMCC[12]	Dubai
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[13]	Dubai
Fluido Oy[13][18]	Finland
Fluido Sweden AB (Extero)[19]	Sweden
Fluido Norway A/S[19]	Norway
Fluido Denmark A/S[19]	Denmark
Fluido Slovakia s.r.o[19]	Slovakia
Fluido Newco AB[19]	Sweden
Infosys Compaz PTE. Ltd (formerly Trusted Source Pte. Ltd) [13][20]	Singapore
Infosys South Africa (Pty) Ltd[13][21]	South Africa
WongDoody Holding Company Inc. (WongDoody) [14]	U.S.
WDW Communications, Inc[16]	U.S.
WongDoody, Inc[16]	U.S.

(1) Wholly-owned subsidiary of Infosys Limited
(2) Incorporated effective November 20, 2017
(3) Majority owned and controlled subsidiary of Infosys Limited
(4) Under liquidation
(5) Wholly owned subsidiary of Infosys BPM
(6) Wholly owned subsidiaries of Infosys Consulting Holding AG
(7) Majority owned and controlled subsidiaries of Infosys Consulting Holding AG
(8) Wholly owned subsidiary of Panaya Inc.
(9) Liquidated effective November 9, 2017
(10) Wholly owned subsidiary of Noah. Liquidated effective December 20, 2017
(11) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holding Limited
(12) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(13) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(14) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
(15) Liquidated effective May 17, 2018
(16) Wholly-owned subsidiary of WongDoody
(17) Incorporated effective August 6, 2018
(18) On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
(19) Wholly-owned subsidiary of Fluido Oy
(20) On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
(21) Incorporated effective December 19,2018
(22) Incorporated effective November 29, 2018
(23) Incorporated effective November 27, 2018, wholly owned subsidiary Infosys Public Services Inc
(24) Liquidated effective May 9, 2017, wholly owned subsidiary Infosys Public Services Inc

Associates

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	
	2018	2017
Trade receivables		
Infosys Consulting AG	1,41,75,200	1,17,14,220
Infosys Consulting GmbH	1,04,89,436	2,53,32,003
Infosys Technologies (Sweden) AB. (Infosys Sweden)	–	4,66,485
Infy Consulting Company Ltd	3,39,36,180	2,18,24,634
	5,86,00,816	5,93,37,342
Other Receivables		
Infosys Limited	15,147	–
	15,147	–

Particulars	As at December 31	
	2018	2017
Trade payables		
Infy Consulting Company Ltd	69,24,236	41,05,711
Infosys Consulting GmbH	–	25,32,372
Infosys Consulting AG	25,60,168	15,60,059
	94,84,404	81,98,142
Other payables		
Infosys Consulting AG	11,373	14,494
Infy Consulting B.V.	4,66,955	–
Infosys Consulting Holding AG (Infosys Lodestone)	2,28,614	–
Infosys Consulting GmbH	8,90,566	–
Infosys Limited	12,84,265	7,97,584
	28,81,773	8,12,078
Accrued expenses		
Infosys Limited	11,78,996	7,49,718
	11,78,996	7,49,718

In ₹

Particulars	Years ended December 31,	
	2018	2017
Revenue transactions		
Purchase of shared services including facilities and personnel		
Infy Consulting B.V.	4,69,635	26,76,061
Infy Consulting Company Ltd	6,53,53,936	5,52,29,462
Infosys Consulting GmbH	1,63,73,454	2,07,83,027
Lodestone Management Consultants Portugal, Unipessoal, Lda.	–	37,95,300
Infosys Consulting Holding AG (Infosys Lodestone)	2,29,785	–
Infosys Consulting s.r.o.	–	11,56,349
Infosys Consulting AG	1,59,83,836	1,38,87,800
	9,84,10,646	9,75,27,999
Sale of services		
Lodestone Management Consultants Inc.	–	77,97,144
Infy Consulting Company Ltd	27,43,69,462	15,37,53,917
Infosys Consulting GmbH	22,63,83,977	29,98,34,379
Infosys Technologies (Sweden) AB. (Infosys Sweden)	–	4,23,148
Infosys Consulting AG	17,46,07,760	12,74,46,795
	67,53,61,199	58,92,55,383

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 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 Portugal, Unipessoal, Lda

Independent Auditor's Report

To the Members of Lodestone Management Consultants Portugal, Unipessoal, Lda

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Lodestone Management Consultants Portugal, Unipessoal, Lda ('the Company'), which comprises the Balance Sheet as at December 31, 2018, 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 notes to the financial statement including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'Ind AS financial statements').

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, 2018 and its financial performance including other comprehensive income, its cash flows, and the changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's 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 issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the Code of Ethics.

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.

Responsibilities of Management's and those charged with Governance for the financial Statement

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

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.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objective 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

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 there under.

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

M. RAthnakar Kamath
Partner
Membership number: 202841

Bengaluru
January 9, 2019

Balance Sheet

In ₹

Particulars	Note no.	As at December 31, 2018	As at December 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	–	–
Other non-current assets	2.5	2,66,156	–
Income tax assets, net	2.15	22,77,628	21,57,296
Total non-current assets		25,43,784	21,57,296
Current assets			
Financial assets			
Trade receivables	2.3	66,690	75,16,911
Cash and cash equivalents	2.4	8,68,36,172	8,73,10,432
Loans	2.2	–	45,08,373
Other current assets	2.5	13,37,859	15,13,866
Total current assets		8,82,40,721	10,08,49,582
Total assets		9,07,84,505	10,30,06,878
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.7	10,59,98,385	10,59,98,385
Other equity		(6,61,72,905)	(7,50,30,860)
Total equity		3,98,25,480	3,09,67,525
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	2.8	–	1,56,12,315
Total non-current liabilities		–	1,56,12,315
Current liabilities			
Financial liabilities			
Trade payables	2.10	1,87,80,798	3,69,711
Other financial liabilities	2.9	1,33,56,016	3,27,97,171
Other current liabilities	2.11	29,99,819	35,79,217
Income tax liabilities, net	2.12	1,58,22,392	1,96,80,939
Total current liabilities		5,09,59,025	5,64,27,038
Total equity and liabilities		9,07,84,505	10,30,06,878

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, 2019

for and on behalf of the Board of Directors of Lodestone Management Consultants Portugal, Unipessoal, Lda

Marcus Steinert
Director

Statement of Profit and Loss

In ₹

Particulars	Note no.	Years ended December 31,	
		2018	2017
Revenue from operations	2.13	5,55,64,604	10,69,75,584
Other income, net	2.14	93,994	–
Total income		5,56,58,598	10,69,75,584
Expenses			
Employee benefit expenses	2.15	3,02,62,302	7,06,87,513
Travel expenses		1,70,95,536	2,31,51,403
Communication expenses		14,13,395	21,72,399
Consultancy and professional charges		23,27,190	26,47,305
Finance Cost		10,195	1,11,645
Other expenses	2.15	5,06,698	5,54,034
Total expenses		5,16,15,316	9,93,24,299
Profit/ (loss) before tax		40,43,282	76,51,285
Tax expense			
Current tax	2.12	(34,53,159)	(56,79,613)
Deferred tax	2.12	–	–
Profit/ (loss) for the year		74,96,441	1,33,30,898
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		13,61,514	(22,32,201)
Total other comprehensive income/ (loss), net of tax		13,61,514	(22,32,201)
Total comprehensive income/ (loss) for the year		88,57,955	1,10,98,697

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, 2019

for and on behalf of the Board of Directors of Lodestone Management Consultants Portugal, Unipessoal, Lda

Marcus Steinert
Director

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 at January 1, 2017	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
Changes in equity for the year ended December 31, 2018				
Additional capital infusion	–	–	–	–
Exchange differences on translation	–	–	13,61,514	13,61,514
Profit for the year	–	74,96,441	–	74,96,441
Balance as at December 31, 2018	10,59,98,385	(6,70,48,686)	8,75,781	3,98,25,480

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, 2019

for and on behalf of the Board of Directors of Lodestone Management Consultants Portugal, Unipessoal, Lda

Marcus Steinert
Director

Statement of Cash Flows

In ₹

Particulars	Year ended December 31,	
	2018	2017
Cash flows from operating activities		
Profit for the year	74,96,441	1,33,30,898
Adjustments to reconcile net profit to net cash provided by operating activities		
Income tax expense	(34,53,159)	(56,79,613)
Interest expense	10,195	1,11,645
Exchange differences on translation of assets and liabilities	13,51,319	(12,41,529)
Changes in assets and liabilities		
Trade receivables	74,50,221	45,93,421
Loans and other financial assets and other assets	(90,149)	(10,23,766)
Trade payables	1,84,11,087	2,25,499
Other financial liabilities, other liabilities and provisions	(2,00,20,553)	52,94,358
Cash generated from operations	1,11,55,402	1,56,10,913
Income taxes paid	(5,25,720)	13,70,800
Net cash generated by operating activities	1,06,29,682	1,69,81,713
Cash flow from investing activities		
Loans to employees	45,08,373	(38,924)
Net cash (used in)/ generated from investing activities	45,08,373	(38,924)
Cash flow from financing activities		
Share capital Infusion	–	5,73,97,500
Loan repaid	(1,56,12,315)	–
Net cash (used in)/ generated from financing activities	(1,56,12,315)	5,73,97,500
Net decrease/ increase in cash and cash equivalents	(4,74,260)	7,43,40,289
Cash and cash equivalents at the beginning of the year	8,73,10,432	1,29,70,143
Cash and cash equivalents at the end of the year	8,68,36,172	8,73,10,432

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

As per our report of even date attached.
f

or Shenoy & Kamath
Chartered Accountants

Firm's registration number: 006673S

M. Rathnakar Kamath
Partner
Membership number: 202841

Bengaluru
January 9, 2019

for and on behalf of the Board of Directors of Lodestone Management Consultants Portugal, Unipessoal, Lda

Marcus Steinert
Director

Significant Accounting Policies

Company overview

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

1 Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Accounting policies have been consistently applied, except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Presentation currency

The Company's presentation currency is the Indian Rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period.

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

Examples of such estimates include computation of percentage of completion, which requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts to be expended, impairment losses on financial assets, future obligations under employee benefit plans, income taxes and the useful lives of property, plant and equipment.

1.5 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the value of the consideration received or receivable, excluding discounts 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) For computer equipment based on technical evaluation, the Management believes that the useful lives, as given above, best represent the period over which the Management expects to use these assets. Hence, the useful lives for computer equipment is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

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

1.9 Intangible assets

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs which can be capitalized include the cost of material, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use.

1.10 Financial instruments

1.10.1 Initial recognition

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

1.10.2 Subsequent measurement

Non-derivative financial instruments

(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 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 the Indian Rupee.

Transactions and translations

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

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

1.15 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

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

1.16 Cash flow statement

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

1.17 Other income

Other income is comprised primarily of exchange gain or loss on translation of other assets and liabilities and miscellaneous income, net.

1.18 Borrwing cost borrowing

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

1.19 Recent accounting pronouncements

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.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach).

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

The Company will adopt the standard on January 1, 2019 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended December 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

The Company has adopted Appendix B to Ind AS 21 - Foreign Currency Transactions and Advance Consideration, which clarifies the date of 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. The effect on account of adoption of this amendment was insignificant.

2.1 Property, plant and equipment

The changes in the carrying value of property, plant and equipment are as follows:

In ₹

Particulars	Computer equipment	Total
Gross carrying value as at January 1, 2018	8,90,186	8,90,186
Additions	–	–
Deletions	–	–
Translation difference	40,246	40,246
Gross carrying value as at December 31, 2018	9,30,432	9,30,432
Accumulated depreciation as at January 1, 2018	8,90,186	8,90,186
Depreciation	–	–
Accumulated depreciation on deletions	–	–
Translation difference	40,246	40,246
Accumulated depreciation as at December 31, 2018	9,30,432	9,30,432
Carrying value as at December 31, 2018	–	–
Carrying value as at January 1, 2018	–	–

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	–	–
Carrying value as at January 1, 2017	–	–

2.2 Loans

In ₹

Particulars	As at December 31,	
	2018	2017
Current		
Unsecured - considered good		
Other loans		
Loans and advances to employees	–	45,08,373
Total loans	–	45,08,373

2.3 Trade receivables

In ₹

Particulars	As at December 31,	
	2018	2017
Current		
Unsecured - considered good(1)	66,690	75,16,911
	66,690	75,16,911
(1) Includes dues from related parties (Refer to Note 2.16)	66,690	75,16,911

2.4 Cash and cash equivalents

In ₹

Particulars	As at December 31,	
	2018	2017
Balances with banks		
In current and deposit accounts	8,68,36,172	8,73,10,432
Total cash and cash equivalents	8,68,36,172	8,73,10,432

2.5 Other assets

In ₹

Particulars	As at December 31, 2018	As at December 31, 2017
Non-current		
Others		
Prepaid expenses	2,66,156	–
	2,66,156	–
Current		
Others		
Withholding taxes and others	13,37,859	15,13,866
	13,37,859	15,13,866
Total other assets	16,04,015	15,13,866

2.6 Financial Instruments

Financial instruments by category

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

In ₹

Particulars	As at December 31, 2018	As at December 31, 2017
Assets		
Cash and cash equivalents (Refer to Note 2.4)	8,68,36,172	8,73,10,432
Trade receivables (Refer to Note 2.3)	66,690	75,16,911
Loans (Refer to Note 2.2)	–	45,08,373
Total	8,69,02,862	9,93,35,716
Liabilities		
Trade payables (Refer to Note 2.10)	1,87,80,798	3,69,711
Borrowings (Refer to Note 2.8)	–	1,56,12,315
Other financial liabilities (Refer to Note 2.9)	94,93,561	1,01,94,962
Total	2,82,74,359	2,61,76,988

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, 2018, the Company had a working capital of ₹ 3,72,81,696 including cash and cash equivalents of ₹ 8,68,36,172. 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 of December 31, 2018 and December 31, 2017, the outstanding compensated absences were ₹ 38,62,455 and ₹ 2,26,02,209 respectively.

2.7 Equity

Equity share capital

in ₹, except as otherwise stated

Particulars	As at December 31, 2018	As at December 31, 2017
Authorized		
Equity shares of EUR 700,000/- par value	10,59,98,385	10,59,98,385
Issued, subscribed and paid up		
Equity shares of EUR 700,000/- par value	10,59,98,385	10,59,98,385
(wholly-owned by Infosys Consulting Holding AG)		
	10,59,98,385	10,59,98,385

The reconciliation of the number of shares outstanding and the amount of share capital is as follows:

in ₹, except as otherwise stated

Particulars	As at December 31, 2018	As at December 31, 2017
At the beginning of the period	10,59,98,385	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	10,59,98,385

2.8 Borrowings

In ₹

Particulars	As at December 31, 2018	As at December 31, 2017
Non-current		
Unsecured Loan from Parent Company (Refer to Note 2.16)	–	1,56,12,315
Total borrowings	–	1,56,12,315

2.9 Other financial liabilities

In ₹

Particulars	As at December 31, 2018	As at December 31, 2017
Current		
Others		
Accrued compensation to employees[(1)]	25,60,853	36,89,021
Accrued expenses [(1) (2)]	48,16,859	63,82,472
Compensated absences	38,62,455	2,26,02,209
Other payables[(1)(3)]	21,15,849	1,23,469
Total financial liabilities	1,33,56,016	3,27,97,171
Financial liability carried at amortized cost[(1)]	94,93,561	1,01,94,962
[(2)] Includes dues to related parties (Refer to Note 2.16)	2,50,675	5,80,463
[(3)] Includes dues to related parties (Refer to Note 2.16)	21,15,849	1,23,469

2.10 Trade payables

In ₹

Particulars	As at December 31,	
	2018	2017
Trade payables[(1)]	1,87,80,798	3,69,711
	1,87,80,798	3,69,711
Includes dues to related parties [(1)] (Refer to Note 2.16)	1,87,77,121	3,66,193

2.11 Other liabilities

In ₹

Particulars	As at December 31,	
	2018	2017
Current		
Others		
Withholding taxes and others	29,99,819	35,79,217
Total Other Liabilities	29,99,819	35,79,217

2.12 Income taxes

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

In ₹

Particulars	Years ended December 31,	
	2018	2017
Current taxes	(34,53,159)	(56,79,613)
Income tax expense	(34,53,159)	(56,79,613)

Current tax expense for the years ended December 31, 2018 and December 31, 2017 includes reversals (net of provisions) amounting to ₹4,622,202 and ₹7,563,888 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,	
	2018	2017
Profit before income tax	40,43,282	76,51,285
Enacted tax rates in Portugal (%)	21.00%	22.50%
Computed expected tax expense	8,49,089	17,21,539
Overseas taxes	–	13,47,237
Tax provisions/ (reversals)	(46,22,202)	(75,63,888)
Effect of unrecognized deferred tax assets	(5,94,362)	(12,05,078)
Others	9,14,316	20,577
Income tax expense	(34,53,159)	(56,79,613)

The applicable statutory tax rate for the year ended Decemeber 31, 2018 and December, 31, 2017 is 21% and 22.5%, respectively.

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

In ₹

Particulars	As at December 31,	
	2018	2017
Income tax assets	22,77,628	21,57,296
Current income tax liabilities	1,58,22,392	1,96,80,939
Net current income tax assets/ (liability) at the end	(1,35,44,764)	(1,75,23,643)

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

In ₹

Particulars	As at December 31,	
	2018	2017
Net current income tax asset/ (liability) at the beginning	(1,75,23,643)	(2,18,32,456)
Income tax paid	5,25,720	(13,70,800)
Current income tax expense (Refer to Note 2.12)	34,53,159	56,79,613
Net current income tax asset/ (liability) at the end	(1,35,44,764)	(1,75,23,643)

2.13 Revenue from operations

In ₹

Particulars	Years ended December 31,	
	2018	2017
Income from consultancy services	5,55,64,604	10,69,75,584
	5,55,64,604	10,69,75,584

2.14 Other income

In ₹

Particulars	Years ended December 31,	
	2018	2017
Miscellaneous income, net	93,994	–
	93,994	–

2.15 Expenses

In ₹

Particulars	Year ended December 31,	
	2018	2017
Employee benefit expenses		
Salaries including bonus	3,02,38,383	7,06,63,198
Staff welfare	23,919	24,315
	3,02,62,302	7,06,87,513

In ₹

Particulars	Year ended December 31,	
	2018	2017
Other expenses		
Brand and marketing	–	61,792
Printing and Stationery	85,497	42,370
Insurance	28,627	–
Exchange losses on translation of other assets and liabilities	3,40,460	4,14,720
Others	52,114	35,152
	5,06,698	5,54,034

2.16 Related party transactions

List of related parties

Name of the holding companies	Country	As at December 31,	
		2018	2017
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland	100%	100%

Holding company

Name of the utimate holding company	Country
Infosys Limited [1]	India

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

List of fellow subsidiaries

Name of subsidiary companies	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)	U.S.
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH (formerly Lodestone Management Consultants GmbH)[1]	Austria
Skava Systems Private Limited (Skava Systems)	India
Kallidus Inc. (Kallidus)	U.S.
Infosys Chile SpA[2]	Chile
Infosys Arabia Limited[3]	Saudi Arabia
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) [3]	Brazil
Infosys CIS LLC[1][22]	Russia
Infosys Luxembourg S.a.r.l [1][17]	Luxembourg
Infosys Americas Inc., (Infosys Americas)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)[4]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.
Infosys Canada Public Services Inc[23]	Canada
Infosys Canada Public Services Ltd[24]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited 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]	U.S.
Portland Group Pty Ltd[5]	Australia

Name of subsidiary companies	Country
Infosys BPO Americas LLC.[5]	U.S.
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc.[6][15]	U.S.
Infosys Management Consulting Pty Limited [6]	Australia
Infosys Consulting AG[6]	Switzerland
Infosys Consulting GmbH[6]	Germany
Infosys Consulting SAS[6]	France
Infosys Consulting s.r.o.[6]	Czech Republic
Lodestone Management Consultants Co., Ltd.[6]	China
Infy Consulting Company Ltd[6]	U.K.
Infy Consulting B.V.[6]	The Netherlands
Infosys Consulting Sp. z.o.o[6]	Poland
S.C. Infosys Consulting S.R.L.[6]	Romania
Infosys Consulting S.R.L.[6]	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)[7]	Belgium
Panaya Inc. (Panaya)	U.S.
Panaya Ltd.[8]	Israel
Panaya GmbH[8]	Germany
Panaya Japan Co. Ltd[4][8]	Japan
Noah Consulting LLC (Noah)[9]	U.S.
Noah Information Management Consulting Inc. (Noah Canada)[10]	Canada
Brilliant Basics Holdings Limited (Brilliant Basics)[11]	U.K.
Brilliant Basics Limited[12]	U.K.
Brilliant Basics (MENA) DMCC[12]	Dubai
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[13]	Dubai
Fluido Oy[13][18]	Finland
Fluido Sweden AB (Extero)[19]	Sweden
Fluido Norway A/S[19]	Norway
Fluido Denmark A/S[19]	Denmark
Fluido Slovakia s.r.o[19]	Slovakia
Fluido Newco AB[19]	Sweden
Infosys Compaz PTE. Ltd (formerly Trusted Source Pte. Ltd) [13][20]	Singapore
Infosys South Africa (Pty) Ltd[13][21]	South Africa
WongDoody Holding Company Inc. (WongDoody) [14]	U.S.
WDW Communications, Inc[16]	U.S.
WongDoody, Inc[16]	U.S.

[1] Wholly-owned subsidiary of Infosys Limited
[2] Incorporated effective November 20, 2017
[3] Majority-owned and controlled subsidiary of Infosys Limited
[4] Under liquidation
[5] Wholly-owned subsidiary of Infosys BPM
[6] Wholly-owned subsidiaries of Infosys Consulting Holding AG
[7] Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG
[8] Wholly-owned subsidiary of Panaya Inc.
[9] Liquidated effective November 9, 2017
[10] Wholly-owned subsidiary of Noah. Liquidated effective December 20, 2017
[11] On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holding Limited
[12] Wholly-owned subsidiary of Brilliant Basics Holding Limited.
[13] Wholly-owned subsidiary of Infosys Consulting Pte Ltd
[14] On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
[15] Liquidated effective May 17, 2018
[16] Wholly-owned subsidiary of WongDoody
[17] Incorporated effective August 6, 2018
[18] On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
[19] Wholly-owned subsidiary of Fluido Oy
[20] On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
[21] Incorporated effective December 19,2018
[22]Incorporated effective November 29, 2018

[23]Incorporated effective November 27, 2018, wholly-owned subsidiary Infosys Public Services Inc

[24]Liquidated effective May 9, 2017, wholly-owned subsidiary Infosys Public Services Inc

Associates

Name of the associate
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,	
	2018	2017
Trade receivables		
Infosys Consulting AG	–	6,98,762
Infosys Consulting GmbH	66,690	44,19,353
Infy Consulting Company Ltd	–	23,98,796
	66,690	75,16,911
Borrowings		
Infosys Consulting Holding AG (Infosys Lodestone)	–	1,56,12,315
	–	1,56,12,315
Trade payables		
Infosys Consulting GmbH	1,04,92,952	1,99,443
Infy Consulting Company Ltd	81,39,025	1,66,750
Infosys Consulting AG	1,45,144	–
	1,87,77,121	3,66,193
Other payables		
Infosys Limited	1,66,892	1,23,469
Infy Consulting B.V.	22,863	–
Infosys Consulting Holding AG (Infosys Lodestone)	11,197	–
Infosys Consulting GmbH	2,00,204	–
Infosys Consulting AG	17,14,693	–
	21,15,849	1,23,469
Provision for Expense		
Infosys Limited	2,50,675	5,80,463
	2,50,675	5,80,463

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

In ₹

Particulars	Years ended December 31,	
	2018	2017
Capital transactions		
Financing transactions		
Equity		
Infosys Consulting Holding AG (Infosys Lodestone)	–	5,73,97,500
	–	5,73,97,500
Interest expense		
Infosys Consulting Holding AG (Infosys Lodestone)	10,195	1,11,645
	10,195	1,11,645
Unsecured Loan Taken(Net of Repayment)		
Infosys Consulting Holding AG (Infosys Lodestone)	(1,56,12,315)	(11,02,317)
	(1,56,12,315)	(11,02,317)
Revenue transactions		
Purchase of shared services including facilities and personnel		
Infy Consulting B.V.	22,991	–
Infosys Consulting AG	5,47,264	9,00,063
Infosys Consulting Holding AG (Infosys Lodestone)	11,260	–
Infosys Consulting GmbH	36,914	1,98,348
Infy Consulting Company Ltd	3,25,072	1,65,836
	9,43,501	12,64,247
Sale of services		
Infosys Consulting AG	7,36,571	62,87,522

Particulars	Years ended December 31,	
	2018	2017
Infosys Consulting GmbH	3,03,51,918	4,44,64,837
Infy Consulting Company Ltd	2,44,76,115	4,53,28,835
Infosys Technologies (Sweden) AB.	–	70,96,167
Infosys Consulting Sp. z.o.o	–	37,98,223
	5,55,64,604	10,69,75,584

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.

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Infy Consulting Company Limited

Strategic Report

The director presents his strategic report for the year ended December 31, 2018.

Principal Activity

The principal activity of the Company during the year was the provision of management consultancy services.

Business Review and Key Performance Indicators

The results for the year and the financial position at the year end were considered satisfactory by the director.

The total turnover decreased from £47,768,483 in the year ended December 31, 2017 to £41,329,311 in the year under review. Pre tax profits have increased from £2,250,653 to £3,139,662 in 2018. A dividend of £2.2 million (2017: £4.2 million) was declared and paid in the year.

There has been a continued focused effort to improve profitability during the year, revamp the service offerings to align to the new age digital economy and also manage utilization at much higher levels than in prior years, which has helped the overall financial performance. The utilization rates of employees and staff retention levels are actively reviewed on an ongoing basis by the Management who strive for continuous improvement.

As at December 2018, the Company had net assets of £2,875,431 (2017: £2,480,195). The Company's cash at bank balance as at December 31, 2018 was £6,123,098 (2017: £3,822,169).

The director views the future positively despite the ongoing global economic and financial uncertainty. The demand environment continues to be strong, and with the Company investing in the right skilled team members, revenues in the year ending December 31, 2019, are expected to grow whilst profitability levels are maintained. The future revenue portfolio will span across digital transformation, change management, ERP implementation and advisory services.

The director is committed to promoting the health, safety and welfare of the staff at the Company's premises.

The director is mindful of the environment and has adopted responsible policies to maximize reuse and recycling. Principal risks and uncertainties.

Operating Risk

The principal operating risk is the competitive environment of the market in which the Company operates. The Company manages this risk by providing an independent, high quality and proactive service on a consistent basis to all clients. Retention and motivation of staff continues to be a priority. The Company manages this by continuing to engage actively with employees, providing avenues for training and upskilling and an ongoing review of compensation packages, including share-based retention schemes.

Liquidity Risk

The director monitors liquid resources on an ongoing basis to ensure the operating needs of the business are met.

Foreign Currency Risk

The Company undertakes transactions in foreign currencies and the director is aware of the foreign currency risks. The director monitors these risks on a regular basis.

BREXIT Risk

The Company is exploring potential exposure and will cproactively communicate risks to the clients in respect of programmes affecting the U.K. staff and vice versa. The Company will also proactively review the existing agreements on the impact of dismissing key resources at short notice.

This report was approved by the sole director.

S. P. Kingston
Director

London
March 15, 2019

Director's Report

The director presents his report and the financial statements for the year ended December 31, 2018.

Results and Dividends

The profit for the year, after taxation, amounted to £2,595,236 (2017: £1,757,118).

A dividend of £2,200,000 (2017: £4,200,000) was declared and paid in the financial year.

Directors

The director who served during the year was S. P. Kingston.

Disabled Employees

Disabled persons are employed by the Company where they appear to be suited to a particular position. The aptitude and abilities of disabled persons are more easily met in certain aspects of the Company's affairs and every effort is made to ensure that they are given full and fair consideration.

Matters Covered in the Strategic Report

As permitted by Section 414c(11) of the Companies Act, 2006, the director has elected to disclose information, required to be in the director's report by Schedule 7 of the 'Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008', in the strategic report.

Disclosure of Information to Auditors

The director has confirmed during the approval of this report that:

- so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Blick Rothenberg Audit LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act, 2006.

This report was approved by the sole director.

S. P. Kingston
Director

London
March 15, 2019

Director's Responsibilities Statement

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under the 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

Opinion

We have audited the financial statements of Infy Consulting Company Limited (the 'Company') for the year ended December 31, 2018, comprising the Balance Sheet, 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at December 31, 2018 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 auditor's 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, 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.

Auditor's 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.

for and on behalf of Blick Rothenberg Audit LLP

Christopher Shepherd
Statutory Auditor

16, Great Queen Street
Covent Garden
London
WC2B 5AH
March 15, 2019

Profit and Loss Account

Particulars	Note no.	2018	2017
		£	£
Turnover	3	41,329,311	47,768,483
Cost of sales		(36,788,389)	(42,806,428)
Gross profit		4,540,922	4,962,055
Administrative expenses		(2,097,210)	(3,042,395)
Other operating income		580,309	124,470
Operating profit	4	3,024,021	2,044,130
Interest receivable and similar income	7	115,641	206,913
Interest payable and similar expenses	8		(390)
Profit before taxation		3,139,662	2,250,653
Tax on profit	9	(544,426)	(493,535)
Profit for the financial year		2,595,236	1,757,118

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

Balance Sheet

In £

Particulars	Note no.	As at December 31,			
			2018		2017
Fixed assets					
Tangible assets	11		19,283		56,187
Current assets					
Debtors: amounts falling due within one year	12	10,399,339		11,752,783	
Cash at bank and in hand		6,123,098		3,822,169	
		16,522,437		15,574,952	
Creditors: amounts falling due within one year	13	(13,666,289)		(13,150,944)	
Net current assets			2,856,148		2,424,008
Net assets			2,875,431		2,480,195
Capital and reserves					
Called up share capital	15		50,000		50,000
Profit and loss account	16		2,825,431		2,430,195
Total equity			2,875,431		2,480,195

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

S. P. Kingston
Director

Londong
March 15, 2019

Statement of Changes in Equity

In £

Particulars	Called up share capital	Profit and loss account	Total equity
At January 1, 2017	50,000	4,873,077	4,923,077
Comprehensive income for the financial year			
Profit for the financial year		1,757,118	1,757,118
Total comprehensive income for the 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)
At December 31, 2017 and January 1, 2018	50,000	2,430,195	2,480,195
Comprehensive income for the financial year			
Profit for the financial year		2,595,236	2,595,236
Total comprehensive income for the year		2,595,236	2,595,236
Dividends: Equity capital		(2,200,000)	(2,200,000)
Total transactions with owners		(2,200,000)	(2,200,000)
At December 31, 2018	50,000	2,825,431	2,875,431

Notes to the Financial Statements

1. General information

Infy Consulting Company Limited provides 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 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 U.K. 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 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) (disclosures 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 March 31, 2019 and these financial statements may be obtained from www.infosys.com.

The principal accounting policies applied are as follows:

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 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 Other operating income

Other operating income relates to management fees receivable and is accounted for on an accruals basis.

2.5 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 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:

Computer equipment	33%

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.

2.6 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 amortiized 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 amortiized cost, using the effective interest rate method.

Impairment of financial assets

Financial assets measured at cost and amortiized 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 amortiized 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.

2.7 Financial instruments

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.

2.8 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.

2.9 Share capital

Ordinary shares are classified as equity.

2.10 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.

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'.

2.11 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

2.12 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.

2.13 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.

2.14 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.

2.15 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.

2.16 Interest income

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

2.17 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.

3. Turnover

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

Analysis of turnover by country of destination:

In £

Particulars	2018	2017
United Kingdom	96,317	540,430
Rest of Europe	992,556	2,005,967
Rest of the world	40,240,438	45,222,086
	41,329,311	47,768,483

4. Operating profit

The operating profit is stated after charging:

In £

Particulars	2018	2017
Depreciation of tangible fixed assets	36,904	70,681
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	17,000	16,250
Fees payable to the Company's auditor and its associates for other services to the Company	1,525	7,430
Exchange differences	23,969	214,687

5. Employees

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

In £

Particulars	2018	2017
Wages and salaries	22,917,593	24,643,522
Social security costs	3,251,061	3,252,159
Cost of defined contribution scheme	969,321	1,043,270
	27,137,975	28,938,951

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

In numbers

Particulars	2018	2017
Consultants	205	235
Management	11	13
	216	248

6. Director's remuneration

In £

Particulars	2018	2017
Director's emoluments	420,414	352,182
The highest paid director received remuneration of £420,414 (2017: £352,182).		

7. Interest receivable

In £

Particulars	2018	2017
Interest receivable from group companies	115,641	206,913

8. Interest payable and similar expenses

In £

Particulars	2018	2017
Bank interest payable		390

9. Taxation

In £

Particulars	2018	2017
Corporation tax		
Current tax on profits for the year	680,461	602,706
Adjustments in respect of previous periods	(139,011)	(64,104)
Total current tax	541,450	538,602
Deferred tax		
Origination and reversal of timing differences	2,976	(45,067)
Total deferred tax	2,976	(45,067)
Tax on profit	544,426	493,535

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 higher than) the standard rate of corporation tax in the U.K. of 19% (2017 19.25%). The differences are as follows:

In £

Particulars	2018	2017
Profit before tax	3,139,662	2,250,653
Profit multiplied by standard rate of corporation tax in the UK of 19% (2017 19.25%)	596,536	433,251
Effects of:		
Expenses not deductible for tax purposes	15,396	21,756
Capital allowances for year in excess of depreciation	(4,630)	3,993
Adjustments to tax charge in respect of prior periods	(139,011)	(64,104)
Other timing differences leading to an increase in taxation	76,135	98,639
Total tax charge for the financial year	544,426	493,535

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	2018	2017
Dividends declared and paid	2,200,000	4,200,000

11. Tangible fixed assets

Computer equipment

In £

Particulars	2018
Cost	
At January 1, 2018	400,907
At December 31, 2018	400,907
Depreciation	
At January 1, 2018	344,720
Charge for the year	36,904
At December 31, 2018	381,624
Net book value	
At December 31, 2018	19,283
At December 31, 2017	56,187

12. Debtors

In £

Particulars	2018	2017
Trade debtors	34,308	
Amounts owed by group undertakings	9,595,042	11,001,327

Particulars	2018	2017
Other debtors	100,304	112,767
Prepayments and accrued income	158,377	193,404
Tax recoverable	469,217	400,218
Deferred taxation	42,091	45,067
	10,399,339	11,752,783

Amounts owed by group undertakings, including a loan that carries interest at a rate of 1.75%, have no fixed repayment date and are repayable on demand.

13. Creditors: amounts falling due within one year

In £

Particulars	2018	2017
Trade creditors	1,129,816	316,514
Amounts owed to group undertakings	5,330,927	7,184,587
Corporation tax	829,548	744,716
Taxation and social insurance	1,534,252	124,164
Other creditors	151,926	151,385
Accruals and deferred income	4,689,820	4,629,578
	13,666,289	13,150,944

Amounts owed to group undertakings are interest free, have no fixed repayment date and are repayable on demand.

14. Deferred taxation

In £

Particulars	2018
At beginning of year	45,067
Charged to profit or loss	(2,976)
At end of year	42,091

The deferred tax asset is as follows:

In £

Particulars	2018	2017
Accelerated capital allowances	32,286	32,979
Other timing differences	9,805	12,088
	42,091	45,067

15. Share capital

In £

Particulars	2018	2017
Allotted, called up and fully paid		
50,000 (2017: 50,000) Ordinary shares of £1.00 each	50,000	50,000

There is a single class of ordinary share. 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. 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, whose registered office is Electronics City, Hosur Road, Bengaluru, 560100, 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

In £

Particulars	2018	2017
Turnover	41,329,311	47,768,483
Cost of sales	(36,788,389)	(42,806,428)
Gross profit	4,540,922	4,962,055
Other operating income	580,309	124,470
Administrative expenses	(2,097,210)	(3,042,395)
Operating profit	3,024,021	2,044,130
Interest receivable	115,641	206,913
Interest payable	–	(390)
Profit before tax	3,139,662	2,250,653

Schedule to the Detailed Accounts

In £

Particulars	2018	2017
Cost of sales		
Wages and salaries	22,497,179	24,291,340
Employer's national insurance	3,251,061	3,252,159
Employer's pension contributions	969,321	1,043,270
Director's remuneration	420,414	352,182
Subcontract labour and temporary staff	6,532,363	8,626,546
Consultancy fees	(30)	1,568,586
Travel and subsistence	3,117,129	3,670,699
Provision for post sales customer support	952	1,646
	36,788,389	42,806,428
Other operating income		
Other operating income	580,309	124,470
Administrative expenses		
Staff training	49,393	99,846
Staff welfare	179,151	319,507
Entertainment	103,099	148,038
Printing and stationery	25,827	31,433
Telephone	82,819	319,491
Computer costs	15,052	9,101
Advertising and promotion	109,348	36,189
Trade subscriptions	1,142	5,093
Charity donations	–	2,500
Legal and professional fees	397,372	768,283
Auditors' remuneration	17,984	32,232
Bank charges	(15,133)	3,963
Bad debts	–	2,714
Difference on foreign exchange	23,969	214,687
Sundry expenses	369,237	120,417
Rent	154,224	149,860
Insurances	56,254	91,912
Repairs and maintenance	187,272	171,429
Depreciation	36,904	70,681
Loss on disposal of tangible assets	–	3,961
Management fees	303,296	441,058
	2,097,210	3,042,395
Interest receivable		
Group interest receivable	115,641	206,913
Interest payable		
Bank interest payable	–	390

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S.C. Infosys Consulting S.R.L.

Independent Auditor's Report

To the Members of S.C. Infosys Consulting S.R.L.

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of S.C. Infosys Consulting S.R.L. ('the Company'), which comprises the Balance sheet as at December 31, 2018, 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 notes to the financial statement including a summary of significant accounting policies and other explanatory information (herein after referred to as 'Ind AS financial statements').

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, 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.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's 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 issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the Code of Ethics.

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.

Responsibilities of Management's and those Charged with Governance for the Financial Statement

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

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.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objective 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

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 there under.

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

M. Rathnakar Kamath
Partner
Membership number: 202841

Bengaluru
January 9, 2019

Balance Sheet

In ₹

Particulars	Note no.	As at December 31, 2018	As at December 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	5,41,21,163	20,54,450
Capital work-in-progress		5,28,93,653	–
Total non-current assets		10,70,14,816	20,54,450
Current assets			
Financial assets			
Trade receivables	2.4	6,48,35,945	2,10,61,429
Cash and cash equivalents	2.5	2,38,46,300	6,68,61,837
Loans	2.2	57,74,542	5,67,379
Other financial assets	2.3	1,53,08,282	15,81,114
Other current assets	2.6	4,66,36,102	48,35,396
Total current assets		15,64,01,171	9,49,07,155
Total assets		26,34,15,987	9,69,61,605
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.8	16,83,34,391	93,64,193
Other equity		5,08,54,306	6,50,34,309
Total equity		21,91,88,697	7,43,98,502
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables	2.10	59,31,902	5,76,024
Other financial liabilities	2.9	3,19,46,168	1,46,35,095
Income tax liabilities, net	2.11	63,49,220	73,51,984
Total current liabilities		4,42,27,290	2,25,63,103
Total equity and liabilities		26,34,15,987	9,69,61,605

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 S.C. Infosys Consulting S.R.L.

Cristin Florescu
Director

Bengaluru
January 9, 2019

Statement of Profit and Loss

In ₹, except equity share and per equity share data

Particulars	Note no.	Years ended December 31, 2018	Years ended December 31, 2017
Revenue from operations	2.12	34,49,84,542	17,59,16,266
Other income, net	2.13	10,95,554	1,11,808
Total income		34,60,80,096	17,60,28,074
Expenses			
Employee benefit expenses	2.14	24,14,23,817	10,77,19,158
Cost of technical sub-contractors		42,18,059	36,78,618
Travel expenses		3,76,69,706	2,59,62,476
Communication expenses		33,64,176	24,26,913
Consultancy and professional charges		1,20,40,723	68,22,905
Depreciation expenses	2.1	28,10,872	16,53,786
Other expenses	2.14	2,24,79,017	86,72,977
Total expenses		32,40,06,370	15,69,36,833
Profit before tax		2,20,73,726	1,90,91,241
Tax expense			
Current tax	2.11	14,77,386	5,47,389
Deferred tax	2.11	–	–
Profit for the year		2,05,96,340	1,85,43,852
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		37,82,774	25,24,109
Total other comprehensive income/ (loss), net of tax		37,82,774	25,24,109
Total comprehensive income/ (loss) for the Year		2,43,79,114	2,10,67,961
Earnings per equity share			
Equity shares of RON 100 par value each			
Basic (₹)		207.66	3,090.64
Diluted (₹)		1,493.92	3,090.64
Weighted average equity shares used in computing earnings per equity share			
Basic		99,183	6,000
Diluted		13,787	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

Cristin Florescu
Director

Bengaluru
January 9, 2019

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	Other reserves	Exchange difference on translation	
Balance as of January 1, 2017	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
Changes in equity for the year ended December 31, 2018						
Increase in share capital	15,89,70,198	–	–	–	–	15,89,70,198
Dividend paid during the year	–	–	(3,85,59,117)	–	–	(3,85,59,117)
Currency translation	–	–	–	–	37,82,774	37,82,774
Profit for the year	–	–	2,05,96,340	–	–	2,05,96,340
Balance as of December 31, 2018	16,83,34,391	1,24,85,591	3,04,96,877	20,05,191	58,66,647	21,91,88,697

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 S.C. Infosys Consulting S.R.L.

Cristin Florescu
Director

Bengaluru
January 9, 2019

Statement of Cash Flows

In ₹

Particulars	Years ended December 31,	
	2018	2017
Cash flows from operating activities		
Profit for the year	2,05,96,340	1,85,43,852
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation expense	28,10,872	16,53,786
Income tax expense	14,77,386	5,47,389
Exchange differences on translation of assets and liabilities	52,54,609	24,16,946
Changes in assets and liabilities		
Trade receivables	(4,37,74,516)	(46,15,790)
Other financial assets and other assets	(5,55,27,874)	21,32,625
Trade payables	53,55,878	5,71,729
Other financial liabilities, other liabilities and provisions	1,73,11,073	(28,94,242)
Cash generated from operations	(4,64,96,232)	1,83,56,295
Income taxes paid	(24,80,150)	(20,40,892)
Net cash generated by operating activities	(4,89,76,382)	1,63,15,403
Cash flow from investing activities		
Expenditure on property, plant and equipment net of sale proceeds	(10,92,43,073)	(67,700)
Loans to employees	(52,07,163)	(3,14,497)
Net cash used in investing activities	(11,44,50,236)	(3,82,197)
Cash flow from financing activities		
Proceeds from Issue of Share Capital	15,89,70,198	–
Dividend paid	(3,85,59,117)	–
Net cash used in financing activities	12,04,11,081	–
Net decrease in cash and cash equivalents	(4,30,15,537)	1,59,33,206
Cash and cash equivalents at the beginning of the year	6,68,61,837	5,09,28,631
Cash and cash equivalents at the end of the year	2,38,46,300	6,68,61,837

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 S.C. Infosys Consulting S.R.L.

Cristin Florescu
Director

Bengaluru
January 9, 2019

Significant Accounting Policies

Company overview

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

1 Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis, the 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 rules issued thereafter.

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, 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 post sales support for corrections of errors and support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in 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	5 years
Office equipment	5 years
Computer equipment	3-5 years
Furniture and fixtures	5 years

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

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.

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 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.

1.14 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.

1.20 Recent accounting pronouncements

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.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach).

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

The Company will adopt the standard on January 1, 2019 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended December 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

The Company has adopted Appendix B to Ind AS 21 – Foreign Currency Transactions and Advance Consideration which clarifies the date of 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. The effect on account of adoption of this amendment was insignificant.

2.1 Property, plant and equipment

The changes in the carrying value of property, plant and equipment are as follows:

In ₹

Particulars	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2018	–	–	64,28,045	17,58,955	81,87,000
Additions/ adjustments	37,443	5,10,188	5,61,57,337	–	567,04,968
Deletions/ adjustments	–	–	(59,45,475)	(7,62,125)	(67,07,600)
Translation difference	–	–	(9,69,447)	1,39,245	(8,30,202)
Gross carrying value as of December 31, 2018	37,443	5,10,188	5,56,70,460	11,36,075	5,73,54,166
Accumulated depreciation as of January 1, 2018	–	–	55,48,640	5,83,910	61,32,550
Depreciation	(715)	(32,155)	26,96,057	1,47,685	28,10,872
Accumulated depreciation on deletions	–	–	(59,10,481)	(4,41,571)	(63,52,052)
Translation difference	23,424	3,50,368	97,357	1,70,484	6,41,633
Accumulated depreciation as of December 31, 2018	22,709	3,18,213	24,31,573	4,60,508	32,33,003
Carrying value as of December 31, 2018	14,734	1,91,975	5,32,38,887	6,75,567	5,41,21,163
Carrying value as of January 1, 2018	–	–	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	Plant and machinery	Office Equipment	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
Carrying value as of January 1, 2017	–	–	21,98,071	13,35,302	35,33,373

2.2 Loans

In ₹

Particulars	As at December 31	
	2018	2017
Current		
Unsecured, considered good		
Other loans		
Loans and advances to employees	57,74,542	5,67,379
Total loans	57,74,542	5,67,379

2.3 Other financial assets

In ₹

Particulars	As at December 31	
	2018	2017
Current		
Rental deposits [1]	1,39,86,395	13,50,955
Others [1]	13,21,887	2,30,159
Total	1,53,08,282	15,81,114
(1) Financial assets carried at amortized cost	1,53,08,282	15,81,114

2.4 Trade receivables

In ₹

Particulars	As at December 31	
	2018	2017
Current		
Unsecured		
Considered good[1]	6,48,35,945	2,10,61,429
	6,48,35,945	2,10,61,429
(1) Includes dues from related parties (Refer to Note 2.16)	6,48,35,945	2,10,61,429

2.5 Cash and cash equivalents

In ₹

Particulars	As at December 31	
	2018	2017
Balances with banks		
In current accounts	2,38,46,300	6,68,61,837
Total cash and cash equivalents	2,38,46,300	6,68,61,837

2.6 Other assets

In ₹

Particulars	As at December 31	
	2018	2017
Current		
Advances other than capital advance		
Payment to vendors for supply of goods	1,39,15,313	16,373
Others		
Prepaid expenses	75,48,105	17,12,288
Withholding taxes and others	2,51,72,684	31,06,735
Total current other assets	4,66,36,102	48,35,396

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	
	2018	2017
Assets		
Cash and cash equivalents (Refer to Note 2.5)	2,38,46,300	6,68,61,837
Trade receivables (Refer to Note 2.4)	6,48,35,945	2,10,61,429
Loans (Refer to Note 2.2)	57,74,542	5,67,379
Other financial assets (Refer to Note 2.3)	1,53,08,282	15,81,114
Total	10,97,65,069	9,00,71,759
Liabilities		
Trade payables (Refer to Note 2.10)	59,31,902	5,76,024
Other financial liabilities (Refer to Note 2.9)	1,67,32,043	65,48,015
Total	2,26,63,945	71,24,039

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.The Company has no outstanding borrowings.

As of December 31, 2018, the Company had a working capital of ₹11,21,73,881 including cash and cash equivalents of ₹2,38,46,300. 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, 2018 and December 31, 2017, the outstanding compensated absences were ₹1,52,14,125 and ₹80,87,080, respectively.

2.8 Equity

Equity share capital

in ₹, except as stated otherwise

Particulars	As at December 31,	
	2018	2017
Authorized		
99,183 (6,000) equity shares of RON 100 par value, fully paid	16,83,34,391	93,64,193
Issued, subscribed and paid up		
99 183 (6,000) equity shares of RON 100 par value, fully paid	16,83,34,391	93,64,193
	16,83,34,391	93,64,193

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

in ₹, except as stated otherwise

Name of the shareholder	As at December 31, 2018		As at December 31, 2017	
	Number of shares	% held	Number of shares	% held
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	99,183	100.00	6,000	100.00

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2018 and December 31, 2017 is as follows:

in ₹, except as stated otherwise

Particulars	As at December 31, 2018		As at December 31, 2017	
	Number of shares	Amount	Number of shares	Amount
Number of shares at the beginning of the period	6,000	93,64,193	6,000	93,64,193
Issue of shares during the year	93,183	15,89,70,198	–	–
Number of shares at the end of the period	99,183	16,83,34,391	6,000	93,64,193

2.9 Other financial liabilities

In ₹

Particulars	As at December 31,	
	2018	2017
Current		
Others		
Accrued compensation to employees	1,60,42,660	48,29,432
Accrued expenses [(1)]	3,83,554	16,35,034
Compensated absences	1,52,14,125	80,87,080
Other payables [(2)]	3,05,829	83,549
	3,19,46,168	1,46,35,095
Total financial liabilities	3,19,46,168	1,46,35,095
Financial liability carried at amortized cost	1,67,32,043	65,48,015
[(1)] Includes dues to related parties (Refer to Note 2.16)	5,33,621	88,653
[(2)] Includes dues to related parties (Refer to Note 2.16)	2,04,030	1,283

2.10 Trade payables

In ₹

Particulars	As at December 31,	
	2018	2017
Trade payables[(1)]	59,31,902	5,76,024
	59,31,902	5,76,024
[(1)] Includes dues to related parties (Refer to Note 2.16)	46,58,750	2,94,973

2.11 Income Taxes

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

In ₹

Particulars	Years ended December 31,	
	2018	2017
Current taxes	14,77,386	5,47,389
Income tax expense	14,77,386	5,47,389

Current tax expense for the years ended December 31, 2018 and December 31, 2017 includes reversals (net of provisions) amounting to ₹18,27,347 and ₹20,14,419, 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,	
	2018	2017
Profit before income tax	2,20,73,726	1,90,91,241
Enacted tax rates in Romania (%)	16.00%	16.00%
Computed expected tax expense	35,31,796	30,54,599
Tax provisions/ (reversal)	(18,27,347)	(20,14,419)
Others	(2,27,063)	(4,92,791)
Income tax expense	14,77,386	5,47,389

The applicable Romanian statutory tax rate for the year ended December 31 2018 and December 31, 2017 is 16%.

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

In ₹

Particulars	Years ended December 31,	
	2018	2017
Income tax assets	–	–
Current income tax liabilities	63,49,220	73,51,984
Net current income tax assets/ (liability) at the end	(63,49,220)	(73,51,984)

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

In ₹

Particulars	Years ended December 31,	
	2018	2017
Net current income tax asset/ (liability) at the beginning	(73,51,984)	(88,45,487)
Income tax paid	24,80,150	20,40,892
Current income tax expense (Refer to Note 2.11)	(14,77,386)	(5,47,389)
Net current income tax asset/ (liability) at the end	(63,49,220)	(73,51,984)

2.12 Revenue from operations

In ₹

Particulars	Years ended December 31,	
	2018	2017
Income from consultancy services	34,49,84,542	17,59,16,266
	34,49,84,542	17,59,16,266

2.13 Other income

In ₹

Particulars	Years ended December 31,	
	2018	2017
Miscellaneous income, net	10,95,554	1,11,808
Total other income	10,95,554	1,11,808

2.14 Expenses

In ₹

Particulars	Years ended December 31,	
	2018	2017
Employee benefit expenses		
Salaries including bonus	24,13,58,217	10,70,33,256
Staff welfare	65,600	685,902
	24,14,23,817	10,77,19,158
Other expenses		
Power and fuel	4,46,296	4,12,782
Brand and marketing	9,15,484	4,66,614
Operating lease payments	51,29,231	48,38,875
Rates and taxes	10,122	21,039
Repairs and maintenance	45,40,075	18,30,435
Consumables	57,14,947	3,37,075
Insurance	1,07,407	8,248
Exchange (gains)/ losses on translation of other assets and liabilities	48,55,615	1,14,382
Others	7,59,840	6,43,527
	2,24,79,017	86,72,977

2.15 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the year are as follows:

In ₹

Particulars	Years ended December 31,	
	2018	2017
Lease rentals recognized during the period	51,29,231	48,38,875

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	2018	2017
Not later than 1 year	2,31,14,564	43,41,164
Later than 1 year and not later than 5 years	15,84,99,869	95,86,837
Later than 5 years	7,59,47,854	–

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

2.16 Related party transactions

List of related parties

Name of the holding company	Country	As at December 31,	
		2018	2017
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland	100%	100%

Name of the utimate holding company	Country
Infosys Limited (1)	India

(1) Holding company of Infosys Consulting Holding AG(Infosys Lodestone) from October 22, 2012.

List of fellow subsidiaries

Name of the subsidiary companies	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)	U.S.
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH (formerly Lodestone Management Consultants GmbH)(1)	Austria
Skava Systems Private Limited (Skava Systems)	India
Kallidus Inc. (Kallidus)	U.S.
Infosys Chile SpA(2)	Chile
Infosys Arabia Limited(3)	Saudi Arabia
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) (3)	Brazil
Infosys CIS LLC(1)(22)	Russia
Infosys Luxembourg S.a.r.l (1)(17)	Luxembourg
Infosys Americas Inc., (Infosys Americas)	U.S.

Name of the subsidiary companies	Country
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)[4]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.
Infosys Canada Public Services Inc[23]	Canada
Infosys Canada Public Services Ltd[24]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited 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]	U.S.
Portland Group Pty Ltd[5]	Australia
Infosys BPO Americas LLC.[5]	U.S.
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc.[6][15]	U.S.
Infosys Management Consulting Pty Limited[6]	Australia
Infosys Consulting AG[6]	Switzerland
Infosys Consulting GmbH[6]	Germany
Infosys Consulting SAS[6]	France
Infosys Consulting s.r.o.[6]	Czech Republic
Lodestone Management Consultants Co., Ltd.[6]	China
Infy Consulting Company Ltd[6]	U.K.
Infy Consulting B.V.[6]	The Netherlands
Infosys Consulting Sp. z.o.o[6]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [6]	Portugal
Infosys Consulting S.R.L.[6]	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)[7]	Belgium
Panaya Inc. (Panaya)	U.S.
Panaya Ltd.[8]	Israel
Panaya GmbH[8]	Germany
Panaya Japan Co. Ltd[4][8]	Japan
Noah Consulting LLC (Noah)[9]	U.S.
Noah Information Management Consulting Inc. (Noah Canada)[10]	Canada
Brilliant Basics Holdings Limited (Brilliant Basics)[11]	U.K.
Brilliant Basics Limited[12]	U.K.
Brilliant Basics (MENA) DMCC[12]	Dubai
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[13]	Dubai
Fluido Oy[13][18]	Finland
Fluido Sweden AB (Extero)[19]	Sweden
Fluido Norway A/ S[19]	Norway
Fluido Denmark A/ S[19]	Denmark
Fluido Slovakia s.r.o[19]	Slovakia
Fluido Newco AB[19]	Sweden
Infosys Compaz PTE. Ltd (formerly Trusted Source Pte. Ltd) [13][20]	Singapore
Infosys South Africa (Pty) Ltd[13][21]	South Africa
WongDoody Holding Company Inc. (WongDoody) [14]	U.S.
WDW Communications, Inc[16]	U.S.
WongDoody, Inc[16]	U.S.

[1] Wholly-owned subsidiary of Infosys Limited
[2] Incorporated effective November 20, 2017
[3] Majority-owned and controlled subsidiary of Infosys Limited
[4] Under liquidation
[5] Wholly-owned subsidiary of Infosys BPM
[6] Wholly-owned subsidiaries of Infosys Consulting Holding AG
[7] Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG
[8] Wholly-owned subsidiary of Panaya Inc.
[9] Liquidated effective November 9, 2017
[10] Wholly-owned subsidiary of Noah. Liquidated effective December 20, 2017
[11] On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holding Limited
[12] Wholly-owned subsidiary of Brilliant Basics Holding Limited.

[13] Wholly-owned subsidiary of Infosys Consulting Pte Ltd

[14] On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody

[15] Liquidated effective May 17, 2018

[16] Wholly-owned subsidiary of WongDoody

[17] Incorporated effective August 6, 2018

[18] On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries

[19] Wholly-owned subsidiary of Fluido Oy

[20] On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd

[21] Incorporated effective December 19,2018

[22] Incorporated effective November 29, 2018

[23] Incorporated effective November 27, 2018, wholly-owned subsidiary Infosys Public Services Inc

[24] Liquidated effective May 9, 2017, wholly-owned subsidiary Infosys Public Services Inc

Name of the associate	Country
DWA Nova LLC[1][2]	U.S.

[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	
	2018	2017
Trade receivables		
Infosys Consulting AG	14,50,893	24,78,406
Infosys Consulting GmbH	43,47,489	43,34,983
Infosys Technologies (Sweden) AB. (Infosys Sweden)	–	97,61,334
Infy Consulting Company Ltd	5,90,37,563	44,86,706
	6,48,35,945	2,10,61,429
Trade payables		
Infy Consulting Company Ltd	8,42,977	1,39,451
Infosys Consulting GmbH	1,45,171	1,55,522
Infosys Consulting AG	36,70,602	–
	46,58,750	2,94,973
Other payables		
Infosys Limited	6,293	1,283
Infosys Consulting Holding AG (Infosys Lodestone)	65,028	–
Infy Consulting B.V.	1,32,709	–
	2,04,030	1,283
Accrued expenses		
Infosys Limited	5,33,621	88,653
	5,33,621	88,653

In ₹

Particulars	Years ended December 31,	
	2018	2017
Capital transactions		
Financing transactions		
Equity		
Infosys Consulting Holding AG (Infosys Lodestone)	15,89,70,198	–
	15,89,70,198	–
Revenue transactions		
Purchase of shared services including facilities and personnel		
Infosys Consulting Holding AG (Infosys Lodestone)	65,634	–
Infy Consulting Company Ltd	8,59,709	1,55,523
Infosys Consulting GmbH	2,19,018	1,39,451
Infy Consulting B.V.	1,33,946	–
Infosys Consulting AG	65,68,567	29,60,286
	78,46,874	32,55,260
Sale of services		
Infosys Consulting AG	2,23,39,120	3,37,99,943

Particulars	Years ended December 31,	
	2018	2017
Infy Consulting Company Ltd	25,66,70,579	2,84,19,648
Infosys Technologies (Sweden) AB. (Infosys Sweden)	–	94,33,171
Infosys Consulting GmbH	6,59,74,843	10,42,63,504
	34,49,84,542	17,59,16,266

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.

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Infosys Consulting S.R.L.

Independent Auditor's Report

To the Members of Infosys Consulting S.R.L.

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys Consulting S.R.L. ('the Company'), which comprises the Balance Sheet as at December 31, 2018, 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 notes to the financial statement including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'Ind AS financial statements')

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, 2018 and its financial performance including other comprehensive income, its cash flows, and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's 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 issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the Code of Ethics.

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.

Responsibilities of Management's and those Charged with Governance for the Financial Statement:

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

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.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements:

Our objective 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

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, 2019

Balance Sheet

in ₹

Particulars	Note no.	As at December 31	
		2018	2017
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	4,11,344	4,56,734
Capital work-in-progress		97,14,095	
Income tax assets, net	2.14	–	87,26,897
Total non-current assets		1,01,25,439	91,83,631
Current assets			
Financial assets			
Trade receivables	2.3	6,53,18,027	6,01,14,414
Cash and cash equivalents	2.4	1,32,92,285	3,13,82,864
Other financial assets	2.2	2,26,05,638	63,85,970
Other current assets	2.5	90,08,217	57,21,436
Total current assets		11,02,24,167	10,36,04,684
Total assets		12,03,49,606	11,27,88,315
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.7	7,43,28,400	7,43,28,400
Other equity		(11,02,54,468)	(7,86,91,564)
Total equity		(3,59,26,068)	(43,63,164)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	2.8	4,06,98,271	1,44,31,634
Total non-current liabilities		4,06,98,271	1,44,31,634
Current liabilities			
Financial liabilities			
Trade payables	2.9	7,79,27,788	5,08,25,365
Other financial liabilities	2.10	2,18,92,101	3,24,70,773
Other current liabilities	2.11	1,17,86,013	1,87,41,399
Provisions	2.12	3,88,827	24,161
Income tax liabilities, net	2.13	35,82,674	6,58,147
Total current liabilities		11,55,77,403	10,27,19,845
Total equity and liabilities		12,03,49,606	11,27,88,315

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 S.R.L.

Martin de Pablo
Director

Bengaluru
January 9, 2019

Statement of Profit and Loss

In ₹, except equity share and per equity share data

Particulars	Note	Years ended December 31	
		2018	2017
Revenue from operations	2.14	18,17,72,183	22,90,78,868
Other income, net	2.15	–	8,52,611
Total income		18,17,72,183	22,99,31,479
Expenses			
Employee benefit expenses	2.16	10,94,73,356	14,37,44,237
Cost of technical sub-contractors		1,11,35,006	2,83,93,343
Travel expenses		1,77,08,723	1,30,97,292
Communication expenses		9,31,135	4,15,197
Consultancy and professional charges		1,22,21,484	1,02,64,427
Depreciation expense	2.1	3,07,777	9,23,623
Other expenses	2.16	6,56,35,388	2,89,95,814
Total expenses		21,74,12,869	22,58,33,933
Profit/(loss) before tax		(3,56,40,686)	40,97,546
Tax expense			
Current tax	2.13	1,51,80,416	1,70,32,627
Loss for the year		(5,08,21,102)	(1,29,35,081)
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		1,92,58,198	24,999
Total other comprehensive income/(loss), net of tax		1,92,58,198	24,999
Total comprehensive income/(loss) for the year		(3,15,62,904)	(1,29,10,082)
Earnings per equity share			
Equity shares of par value ARS 100/- each			
Basic and diluted (₹)		(573.60)	(145.99)
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, 2019

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, 2017	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				
Exchange differences on 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)
Changes in equity for the year ended December 31, 2018				
Exchange differences on translation	–	–	1,92,58,198	1,92,58,198
Loss for the year	–	(5,08,21,102)	–	(5,08,21,102)
Balance as of December 31, 2018	7,43,28,400	(11,16,32,584)	13,78,116	(3,59,26,068)

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, 2019

Statement of Cash Flows

In ₹

Particulars	Note no.	Years ended December 31	
		2018	2017
Cash flows from operating activities			
Loss for the year		(5,08,21,102)	(1,29,35,081)
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation expense		3,07,777	9,23,623
Income tax expense		1,51,80,416	1,70,32,627
Impairment loss recognized/ (reversed) under expected credit loss model		72,800	(15,597)
Finance cost		8,62,596	2,89,815
Provision for post-sales client support and warranties		16,41,397	8,254
Exchange differences on translation of assets and liabilities		1,81,89,652	(53,62,577)
Changes in assets and liabilities			
Trade receivables and unbilled revenue		(2,06,04,092)	50,86,450
Other financial assets and other assets		(40,89,291)	98,85,741
Trade payables		2,71,02,423	(8,95,152)
Other financial liabilities, other liabilities and provisions		(1,75,34,058)	18,88,122
Cash generated from operations		(2,96,91,482)	1,59,06,225
Income taxes paid	2.14	(35,28,992)	(3,69,15,049)
Net cash generated by operating activities		(3,32,20,474)	(2,10,08,824)
Cash flow from investing activities			
Expenditure on property, plant and equipment		(1,02,74,146)	–
Loans to employees		–	6,17,671
Net cash from/(used in) investing activities		(1,02,74,146)	6,17,671
Cash flow from financing activities			
Loan taken from parent company		2,54,04,041	1,41,41,819
Net cash from financing activities		2,54,04,041	1,41,41,819
Effect of exchange differences on translation of foreign currency cash and cash equivalents		–	–
Net increase/(decrease) in cash and cash equivalents		(1,80,90,579)	(62,49,334)
Cash and cash equivalents at the beginning of the year		3,13,82,864	3,76,32,198
Cash and cash equivalents at the end of the year		1,32,92,285	3,13,82,864

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, 2019

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.

1Significant 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.

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 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 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	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 Argentinian Peso. 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.

1.20 Recent accounting pronouncements

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: 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.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach).

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

The Company will adopt the standard on January 1, 2019, by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended December 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

The Company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of 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. The effect on account of adoption of this amendment was insignificant.

2.1 Property, plant and equipment

The changes in the carrying value of property, plant and equipment are as follows:

In ₹

Particulars	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2018	64,175	20,81,740	7,25,020	28,70,935
Additions	–	8,59,047	–	8,59,047
Deletions	–	–	(2,98,996)	(2,98,996)
Translation difference	(28,629)	(13,94,352)	(24,441)	(14,47,422)
Gross carrying value as of December 31, 2018	35,546	15,46,435	4,01,583	19,83,564
Accumulated depreciation as of January 1, 2018	(18,567)	(17,49,347)	(6,46,287)	(24,14,201)
Depreciation	(9,878)	(2,76,810)	(21,089)	(3,07,777)
Translation difference	11,052	8,44,455	2,94,251	11,49,758
Accumulated depreciation as of December 31, 2018	(17,393)	(11,81,702)	(3,73,125)	(15,72,220)
Carrying value as of December 31, 2018	18,153	3,64,733	28,458	4,11,344
Carrying value as of January 1, 2018	45,608	3,32,393	78,733	4,56,734

The changes in the carrying value of property, plant and equipment 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

2.2 Other financial assets

In ₹

Particulars	As at December 31	
	2018	2017
Current		
Security deposits [(1)]	9,68,717	16,700
Unbilled revenues[(1)]	2,14,02,827	59,85,669
Rental deposits [(1)]	2,12,474	3,83,601
Others	21,620	–
Total current other financial assets	2,26,05,638	63,85,970
[(1)] Financial assets carried at amortized cost	2,26,05,638	63,85,970

2.3 Trade receivables

In ₹

Particulars	As at December 31	
	2018	2017
Current		
Unsecured		
Considered good [(1)]	6,53,18,027	6,01,14,414
Considered doubtful	1,19,283	1,21,462
	6,54,37,310	6,02,35,876
Less: Allowances for credit losses	1,19,283	1,21,462
Total trade receivables	6,53,18,027	6,01,14,414
[(1)] Includes dues from related parties (Refer to Note 2.18)	1,21,79,760	1,42,07,437

2.4 Cash and cash equivalents

In ₹

Particulars	As at December 31	
	2018	2017
Balances with banks		
In current and deposit accounts	1,31,97,419	3,13,40,975
Cash on hand	94,866	41,889
Total cash and cash equivalents	1,32,92,285	3,13,82,864

2.5 Other assets

In ₹

Particulars	As at December 31	
	2018	2017
Current		
Others		
Prepaid expenses	7,23,484	–
Withholding taxes and others	82,84,733	57,21,436
Total current other assets	90,08,217	57,21,436

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	
	2018	2017
Assets		
Cash and cash equivalents (Refer to Note 2.4)	1,32,92,285	3,13,82,864
Trade receivables (Refer to Note 2.3)	6,53,18,027	6,01,14,414
Other financial assets (Refer to Note 2.2)	2,26,05,638	63,85,970
Total	10,12,15,950	9,78,83,248
Liabilities		
Trade payables (Refer to Note 2.9)	7,79,27,788	5,08,25,365
Borrowings (Refer to Note 2.8)	4,06,98,271	1,44,31,634
Other financial liabilities (Refer to Note 2.10)	1,51,91,493	2,51,55,736
Total	13,38,17,552	9,04,12,735

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 ₹65,318,027 and ₹60,114,414 as of December 31, 2018 and December 31, 2017, respectively and unbilled revenue amounting to ₹ 21,402,827 and ₹ 5,985,669 as of December 31, 2018 and December 31, 2017, 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, 2018 was ₹ 72,800 and reversal for year ended December 31, 2017 was ₹ 15,597, respectively.

In ₹

Particulars	Years ended December 31,	
	2018	2017
Balance at the beginning	1,35,962	1,60,452
Impairment loss recognized / reversed	72,800	(15,597)
Translation differences	(89,479)	(8,893)
Balance at the end	1,19,283	1,35,962

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 requirements.

As of December 31, 2018, the Company had a negative working capital of ₹ 5,353,236 including cash and cash equivalents of ₹ 13,292,285 As of December 31, 2017, the Company had a working capital of ₹ 884,839 including cash and cash equivalents of ₹ 31,382,864.

As of December 31, 2018 and December 31, 2017, the outstanding compensated absences were ₹ 6,700,608 and ₹7,315,037, respectively.

2.7 Equity

Equity share capital

in ₹, except as otherwise stated

Particulars	As at December 31, 2018	As at December 31, 2017
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		
(Of the above, 83,098 (83,098) equity shares are held by the holding company, Infosys Consulting Holding AG (Formerly Lodestone Holding AG))	7,43,28,400	7,43,28,400
(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, 2018		As at December 31, 2017	
	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 are as follows.

2.8 Borrowings

In ₹

Particulars	As at December 31, 2018	As at December 31, 2017
Current		
Unsecured loan from Parent Company (Refer to Note 2.18)	4,06,98,271	1,44,31,634
Total current borrowings	4,06,98,271	1,44,31,634

2.9 Trade payables

In ₹

Particulars	As at December 31, 2018	As at December 31, 2017
Trade payables (1)	7,79,27,788	5,08,25,365
Total trade payables	7,79,27,788	5,08,25,365
(1) Includes dues to related parties (Refer to Note 2.18)	7,60,89,946	4,78,80,637

2.10 Other financial liabilities

In ₹

Particulars	As at December 31, 2018	As at December 31, 2017
Current		
Others		
Accrued compensation to employees	44,81,338	62,55,538
Accrued expenses (1)	78,45,526	1,72,78,004
Compensated absences	67,00,608	73,15,037
Other payables (2)	28,64,629	16,22,194
Total current other financial liabilities	2,18,92,101	3,24,70,773
Financial liability carried at amortized cost	1,51,91,493	2,51,55,736
(1) Includes dues to related party (Refer to Note 2.18)	–	61,47,610
(2) Includes dues to related parties (Refer to Note 2.18)	27,10,653	15,32,906

2.11 Other liabilities

In ₹

Particulars	As at December 31, 2018	As at December 31, 2017
Current		
Unearned revenue	14,43,780	58,18,963
Others		
Withholding taxes and others	1,03,42,233	1,29,22,436
Total current other liabilities	1,17,86,013	1,87,41,399

2.12 Provisions

In ₹

Particulars	As at December 31, 2018	As at December 31, 2017
Current		
Others		
Post-sales client support	3,88,827	24,161
Total current provisions	3,88,827	24,161

2.13 Income Taxes

The income tax expense in the Statement of Profit and Loss is as follows:

In ₹

Particulars	Years ended December 31,	
	2018	2017
Current taxes	1,51,80,416	1,70,32,627
Income tax expense	1,51,80,416	1,70,32,627

Current tax expense for the years ended December 31, 2018 and December 31, 2017, includes provisions (net of reversals) amounting to ₹3,121,631 and ₹ 7,435,618, 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,	
	2018	2017
Profit/(Loss) before income tax	(3,56,40,686)	40,97,546
Enacted tax rates in Argentina (%)	30.00%	35.00%
Computed expected tax expense	(1,06,92,206)	14,34,141
Tax provisions/ (reversals)	31,21,631	74,35,618
Effect of unrecognized deferred tax assets	2,19,81,899	37,13,360
Effect of non-deductible expenses	52,35,518	43,04,398
Others	(44,66,426)	1,45,111
Income tax expense	1,51,80,416	1,70,32,627

The applicable Argentina statutory tax rate for year ended December 31, 2018 and December 31, 2017 is 30% and 35% respectively.

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

In ₹

Particulars	Years ended December 31,	
	2018	2017
Income tax assets	–	87,26,897
Current income tax liabilities	35,82,674	6,58,147
Net current income tax assets / (liability) at the end	(35,82,674)	80,68,750

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

In ₹

Particulars	Years ended December 31,	
	2018	2017
Net current income tax asset / (liability) at the beginning	80,68,750	(1,73,27,071)
Income tax paid	35,28,992	3,69,15,049
Current income tax expense (Refer to Note 2.13)	(1,51,80,416)	(1,70,32,627)
Translation difference	–	55,13,399
Net current income tax asset / (liability) at the end	(35,82,674)	80,68,750

2.14 Revenue from operations

In ₹

Particulars	Years ended December 31,	
	2018	2017
Income from consultancy services	18,17,72,183	22,90,78,868
Total revenue from operations	18,17,72,183	22,90,78,868

2.15 Other income

In ₹

Particulars	Years ended December 31,	
	2018	2017
Exchange gains / (losses) on translation of other assets and liabilities	–	8,52,611
Total other income	–	8,52,611

2.16 Expenses

In ₹

Particulars	Years ended December 31,	
	2018	2017
Employee benefit expenses		
Salaries including bonus	10,93,19,519	14,37,12,859
Staff welfare	1,53,837	31,378
Total employee benefit expenses	10,94,73,356	14,37,44,237

In ₹

Particulars	Years ended December 31,	
	2018	2017
Other expenses		
Brand and marketing	1,95,914	1,07,644
Operating lease payments	1,53,33,719	1,28,62,663
Rates and taxes	46,20,654	61,24,028
Repairs and maintenance	2,78,383	11,40,626
Insurance	21,51,531	23,00,572
Provision for post-sales client support and warranties	16,41,397	8,254
Allowances for credit losses on financial assets (reversals)	72,800	(15,597)
Finance cost	8,62,596	2,89,815
Bank charges	24,10,660	24,03,786
Others	3,80,67,734	37,74,023
Total other expenses	6,56,35,388	2,89,95,814

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 December 31,	
	2018	2017
Lease rentals recognized during the period	1,53,33,719	1,28,62,663

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,	
	2018	2017
Not later than 1 year	80,17,722	97,13,848
Later than 1 year and not later than 5 years	2,02,04,659	–
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 Related party transactions

List of holding companies

Name of the holding company	Country	Holding as at	
		December 31, 2018	December 31, 2017
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%

Ultimate holdig comapny

Name of the ultimate holding company	Country
Infosys Limited	India

List of fellow subsidiaries

Name of subsidiary companies	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)	U.S.
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH(1) (formerly Lodestone Management Consultants GmbH)	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	U.S.
Infosys Chile SpA(2)	Chile
Infosys Arabia Limited(3)	Saudi Arabia
Infosys Consulting Ltda.(3)	Brazil
Infosys CIS LLC(1)(22)	Russia
Infosys Luxembourg S.a.r.l (1)(17)	Luxembourg
Infosys Americas Inc., (Infosys Americas)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)(4)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.
Infosys Canada Public Services Inc(23)	Canada
Infosys Canada Public Services Ltd(24)	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o.(5)	Czech Republic

Name of subsidiary companies	Country
Infosys Poland, Sp z.o.o[5]	Poland
Infosys McCamish Systems LLC [5]	U.S.
Portland Group Pty Ltd[5]	Australia
Infosys BPO Americas LLC.[5]	U.S.
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc.[6][15]	U.S.
Infosys Management Consulting Pty Limited[6]	Australia
Infosys Consulting AG[6]	Switzerland
Infosys Consulting GmbH[6]	Germany
Infosys Consulting SAS[6]	France
Infosys Consulting s.r.o.[6]	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd.(formerly Lodestone Management Consultants Co., Ltd)[6]	China
Infy Consulting Company Ltd[6]	U.K.
Infy Consulting B.V.[6]	The Netherlands
Infosys Consulting Sp. z.o.o[6]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [6]	Portugal
S.C. Infosys Consulting S.R.L.[1]	Romania
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)[7]	Belgium
Panaya Inc. (Panaya)	U.S.
Panaya Ltd.[8]	Israel
Panaya GmbH[8]	Germany
Panaya Japan Co. Ltd[4][8]	Japan
Noah Consulting LLC (Noah)[9]	U.S.
Noah Information Management Consulting Inc. (Noah Canada)[10]	Canada
Brilliant Basics Holdings Limited (Brilliant Basics)[11]	U.K.
Brilliant Basics Limited[12]	U.K.
Brilliant Basics (MENA) DMCC[12]	Dubai
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[13]	Dubai
Fluido Oy[13][18]	Finland
Fluido Sweden AB (Extero)[19]	Sweden
Fluido Norway A/S[19]	Norway
Fluido Denmark A/S[19]	Denmark
Fluido Slovakia s.r.o[19]	Slovakia
Fluido Newco AB[19]	Sweden
Infosys Compaz PTE. Ltd (formerly Trusted Source Pte. Ltd) [13][20]	Singapore
Infosys South Africa (Pty) Ltd[13][21]	South Africa
WongDoody Holding Company Inc. (WongDoody) [14]	U.S.
WDW Communications, Inc[16]	U.S.
WongDoody, Inc[16]	U.S.

[1] Wholly-owned subsidiary of Infosys Limited
[2] Incorporated effective November 20, 2017
[3] Majority-owned and controlled subsidiary of Infosys Limited
[4] Under liquidation
[5] Wholly-owned subsidiary of Infosys BPM
[6] Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
[7] Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
[8] Wholly-owned subsidiary of Panaya Inc.
[9] Liquidated effective November 9, 2017
[10] Wholly-owned subsidiary of Noah. Liquidated effective December 20, 2017
[11] On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holding Limited
[12] Wholly-owned subsidiary of Brilliant Basics Holding Limited.
[13] Wholly-owned subsidiary of Infosys Consulting Pte Ltd
[14] On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
[15] Liquidated effective May 17, 2018
[16] Wholly-owned subsidiary of WongDoody
[17] Incorporated effective August 6, 2018
[18] On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
[19] Wholly-owned subsidiary of Fluido Oy

[20]On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd

[21] Incorporated effective December 19,2018

[22]Incorporated effective November 29, 2018

[23]Incorporated effective November 27, 2018, wholly-owned subsidiary Infosys Public Services Inc

[24]Liquidated effective May 9, 2017, wholly-owned subsidiary Infosys Public Services Inc

Associates

Associates
DWA Nova LLC has been liquidated w.ef November 17, 2017.

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

In ₹

Particulars	As at December 31	
	2018	2017
Trade receivables		
Infosys Technologia DO Brasil LTDA	73,89,802	74,17,549
Infy Consulting Company Limited	7,48,035	1,17,682
Infosys Consulting Ltda	21,34,618	–
Infosys Consulting AG	19,07,305	66,72,206
	1,21,79,760	1,42,07,437
Borrowings		
Infosys Consulting Holding AG	4,06,98,271	1,44,31,634
	4,06,98,271	1,44,31,634
Trade payables		
Infosys Consulting Ltda.	2,699	1,224
Infosys Consulting AG	84,83,625	65,60,955
Infosys Consulting GmbH	1,34,702	4,22,595
Infosys Technologies S. de R. L. de C. V.	66,60,837	–
Infy Consulting Company Limited	6,08,08,083	4,08,95,863
	7,60,89,946	4,78,80,637
Other financial liabilities		
Infosys Consulting AG	7,19,376	1,71,772
Infosys Consulting Holding AG	40,139	–
Infy Consulting B.V.	82,040	–
Infosys Limited	18,69,098	13,61,134
	27,10,653	15,32,906
Accrued expenses		
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	–	61,47,610
	–	61,47,610

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

In ₹

Particulars	Years ended December 31	
	2018	2017
Capital transactions		
Financing transactions		
Borrowings (net of repayment)		
Infosys Consulting Holding AG[1]	2,62,66,637	1,44,31,634
	2,62,66,637	1,44,31,634
Revenue transactions		
Purchase of services, shared facilities and personnel		
Infosys Consulting AG	27,80,388	23,52,594
Infosys Consulting GmbH	1,33,242	6,80,159
Infy Consulting B.V.	81,927	–
Infosys Consulting Holding AG	40,122	–
Infy Consulting Company Limited	61,96,837	68,33,223
	92,32,516	98,65,976

Particulars	Years ended December 31	
	2018	2017
Sale of services		
Infosys Technologia DO Brasil LTDA	48,11,515	82,10,373
Infosys Consulting AG	4,75,13,353	5,00,49,380
Infosys Consulting Ltda.	34,48,877	2,25,133
Infy Consulting Company Limited	32,80,481	1,81,50,738
	5,90,54,226	7,66,35,624

(1) Includes interest.

2.19 Segment-reporting

The Company is engaged in providing consultancy service in a single geography. Based on the 'management approach', as defined in Ind 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 (Belgium) NV

Independent Auditor's Report

To the Members of Infosys Consulting (Belgium) NV

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys Consulting (Belgium) NV ('the Company'), which comprises the Balance Sheet As at December 31, 2018, 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 notes to the financial statement including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'Ind AS financial statements').

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, 2018 and its financial performance including other comprehensive income, its cash flows, and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's 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 issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the Code of Ethics.

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.

Responsibilities of Management's and those Charged with Governance for the Financial Statement

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

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.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objective 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

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 there under.

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

M. Rathnakar Kamath
Partner
Membership number: 202841

Bengaluru
January 9, 2019

Balance Sheet

in ₹

Particulars	Note no.	As at December 31, 2018	As at December 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	209,789	510,020
Intangible assets	2.2	–	–
Financial assets			
Loans	2.3	–	14,309,780
Total non-current assets		209,789	14,819,800
Current assets			
Financial assets			
Trade receivables	2.5	56,627,500	52,644,636
Cash and cash equivalents	2.6	75,719,587	1,139,104
Loans	2.3	12,902,338	5,915,719
Other financial assets	2.4	1,444,223	23,115,121
Other current assets	2.7	6,595,033	6,013,139
Total current assets		153,288,681	88,827,719
TOTAL ASSETS		153,498,470	103,647,519
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.9	34,475,106	34,475,106
Other equity		(251,795,322)	(268,678,113)
Total equity		(217,320,216)	(234,203,007)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	2.10	273,450,537	259,674,762
Other financial liabilities	2.11	5,053,575	–
Total non-current liabilities		278,504,112	259,674,762
Current liabilities			
Financial liabilities			
Trade payables	2.12	31,196,335	36,152,559
Other financial liabilities	2.11	57,029,973	35,096,207
Other current liabilities	2.13	1,025,643	37,141
Income tax liabilities (net)	2.14	3,062,623	6,889,857
Total current liabilities		92,314,574	78,175,764
TOTAL EQUITY AND LIABILITIES		153,498,470	103,647,519

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

Stephen Paul Kingston
Director

Gopal Rao
Director

Bengaluru
January 9, 2019

Statement of Profit and Loss

in ₹, except equity share and per equity share data

Particulars	Note No.	Years ended December 31, 2018	2017
Revenue from operations	2.15	329,303,196	219,629,939
Other income, net	2.16	2,725,364	4,362,476
Total income		332,028,560	223,992,415
Expenses			
Employee benefit expenses	2.17	224,056,823	128,292,961
Cost of technical sub-contractors		20,891,250	2,992,454
Travel expenses		22,159,776	32,896,224
Cost of software packages and others	2.17	–	(4,602,750)
Communication expenses		5,667,818	4,838,264
Consultancy and professional charges		25,141,134	35,513,916
Finance Cost		2,104,836	1,563,753
Depreciation expenses	2.1	326,837	1,094,364
Other expenses	2.17	7,882,830	11,686,236
Total expenses		308,231,304	214,275,422
Profit/ (loss) before tax		23,797,256	9,716,993
Tax expense			
Current tax	2.14	(4,162,015)	(6,384,519)
Profit/ (loss) for the year		27,959,271	16,101,512
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		(11,076,480)	(16,758,672)
Total other comprehensive income/ (loss), net of tax		(11,076,480)	(16,758,672)
Total comprehensive income/ (loss) for the Year		16,882,791	(657,160)
Profit/ (loss) per equity share			
Equity shares of par value EUR 489.32/- each			
Basic and diluted (₹)		27,959.27	16,101.51
Weighted average equity shares used in computing income/ (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

Stephen Paul Kingston
Director

Gopal Rao
Director

Bengaluru
January 9, 2019

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, 2017	34,475,106	(377,196,848)	172,355	109,003,540	(233,545,847)
Changes in equity for the year ended December 31, 2018					
Currency translation	–	–	–	(16,758,672)	(16,758,672)
Profit for the year	–	16,101,512	–	–	16,101,512
Balance as of December 31, 2017	34,475,106	(361,095,336)	172,355	92,244,868	(234,203,007)
Changes in equity for the year ended December 31, 2018					
Currency translation	–	–	–	(11,076,480)	(11,076,480)
Profit for the year	–	27,959,271	–	–	27,959,271
Balance as of December 31, 2018	34,475,106	(333,136,065)	172,355	81,168,388	(217,320,216)

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

Stephen Paul Kingston
Director

Gopal Rao
Director

Bengaluru
January 9, 2019

Statement of Cash Flows

in ₹

Particulars	Years ended December 31, 2018	2017
Cash flows from operating activities		
Profit for the year	27,959,271	16,101,512
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation expense	326,837	1,094,364
Income tax expense	(4,162,015)	(6,384,519)
Allowance for credit losses on financial assets	–	(33,137)
Interest on loan from parent company	2,104,836	1,563,753
Interest and dividend income	–	(3,577)
Exchange differences on translation of assets and liabilities	(10,768,305)	(16,815,593)
Changes in assets and liabilities		
Trade receivables	(3,982,864)	3,299,336
Other financial assets and other assets	21,089,004	120,127,259
Trade payables	(4,956,224)	4,216,711
Other financial liabilities and other liabilities	27,975,843	(196,012,482)
Cash generated from operations	55,586,383	(72,846,373)
Income taxes paid	–	639,439
Net cash from/ (used) in operating activities	55,586,383	(72,206,934)
Cash flow from investing activities		
Expenditure on property, plant and equipment net of sale proceeds	–	–
Loans to employees	7,323,161	(7,517,243)
Interest and dividend received on investments	–	3,577
Net cash from/ (used) in investing activities	7,323,161	(7,513,666)
Cash flow from financing activities		
Loan taken/ (repaid) from parent company	13,775,775	61,043,461
Interest on loan from parent company	(2,104,836)	(1,563,753)
Net cash generated by financing activities	11,670,939	59,479,708
Net increase/ (decrease) in cash and cash equivalents	74,580,483	(20,240,892)
Cash and cash equivalents at the beginning of the Year	1,139,104	21,379,996
Cash and cash equivalents at the end of the Year	75,719,587	1,139,104

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

Stephen Paul Kingston
Director

Gopal Rao
Director

Bengaluru
January 9, 2019

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 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 amendments and rules issued thereafter.

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 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.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 others

The Company provides its clients with a fixed-period post sales support for corrections of errors and support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in 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
Leasehold Improvement	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 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

1.10 Intangible assets

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment. Research costs are expensed as incurred. Software product development costs are expensed as incurred, unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs which can be capitalized include the cost of material, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use.

1.11 Financial instruments

1.11.1 Initial recognition

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

1.11.2 Subsequent measurement

Non-derivative financial instruments

(i) Financial assets carried at amortized cost

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

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

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

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

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

(iv) Financial liabilities

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

1.12 Fair value of financial instruments

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

1.13 Impairment

a. Financial assets

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

b. Non-financial assets

(i) Property, plant, and equipment

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

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

1.14 Employee benefits

Compensated absences

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

1.15 Foreign currency

Functional currency

The functional currency of the Company is the Euro. These financial statements are presented in Indian Rupee.

Transactions and translations

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

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

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 income and exchange gain/ loss on translation of other assets and liabilities. Interest Income is recognised using effective interest method.

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 over the lease term.

1.21 Borrowing cost

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

1.22 Recent accounting pronouncements

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.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach)The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on January 1, 2019 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended December 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

The Company has adopted Appendix B to Ind AS 21 - Foreign Currency Transactions and Advance Consideration which clarifies the date of 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. The effect on account of adoption of this amendment was insignificant.

2.1 Property, plant and equipment

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

in ₹

Particulars	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2018	13,716,447	745,875	6,417,661	1,767,824	22,647,807
Additions	–	–	–	–	–
Deletions	–	–	–	–	–
Translation difference	620,135	33,722	290,149	79,925	1,023,931
Gross carrying value as of December 31, 2018	14,336,582	779,597	6,707,810	1,847,749	23,671,738
Accumulated depreciation as of January 1, 2018	(13,716,447)	(745,875)	(5,907,641)	(1,767,824)	(22,137,787)
Depreciation	–	–	(326,837)	–	(326,837)
Accumulated depreciation on deletions	–	–	–	–	–
Translation difference	(620,135)	(33,722)	(263,543)	(79,925)	(997,325)
Accumulated depreciation as of December 31, 2018	(14,336,582)	(779,597)	(6,498,021)	(1,847,749)	(23,461,949)
Carrying value as of December 31, 2018	–	–	209,789	–	209,789
Carrying value as of January 1, 2018	–	–	510,020	–	510,020

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

in ₹

Particulars	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2017	12,843,599	698,411	6,009,272	1,655,328	21,206,610
Additions	–	–	–	–	–
Deletions	–	–	–	–	–
Translation difference	872,848	47,464	408,389	112,496	1,441,197
Gross carrying value as of December 31, 2017	13,716,447	745,875	6,417,661	1,767,824	22,647,807
Accumulated depreciation as of January 1, 2017	(12,843,599)	(698,411)	(4,461,809)	(1,655,328)	(19,659,147)
Depreciation	–	–	(1,094,364)	–	(1,094,364)
Accumulated depreciation on deletions	–	–	–	–	–
Translation difference	(872,848)	(47,464)	(351,468)	(112,496)	(1,384,276)
Accumulated depreciation as of December 31, 2017	(13,716,447)	(745,875)	(5,907,641)	(1,767,824)	(22,137,787)
Carrying value as of December 31, 2017	–	–	510,020	–	510,020
Carrying value as of January 1, 2017	–	–	1,547,463	–	1,547,463

2.2 Intangible assets

The changes in the carrying value of acquired intangible assets for the year ended December 31, 2018 are follows:

in ₹

Particulars	Software	Total
Gross carrying value as of January 1, 2018	2,684,297	2,684,297
Additions/ adjustments	–	–
Deletions/ adjustments	–	–
Gross carrying value as of December 31, 2018	2,684,297	2,684,297
Accumulated amortization as of January 1, 2018	(2,684,297)	(2,684,297)
Amortization expense	–	–
Deletion	–	–
Accumulated amortization asof December 31, 2018	(2,684,297)	(2,684,297)
Carrying value as of December 31, 2018 –		

The changes in the carrying value of acquired intangible assets for the year ended December 31, 2017 are follows:

in ₹

Particulars	Software	Total
Gross carrying value as of January 1, 2017	2,684,297	2,684,297
Additions/Adjustments	–	–
Deletions/Adjustments	–	–
Gross carrying value as of December 31, 2017	2,684,297	2,684,297
Accumulated amortization as of January 1, 2017	(2,684,297)	(2,684,297)
Amortization expense	–	–
Deletion	–	–
Accumulated amortization as of December 31, 2017	(2,684,297)	(2,684,297)
Carrying value as of December 31, 2017 –		

2.3 Loans

in ₹

Particulars	As at December 31, 2018	2017
Non-current		
Unsecured, considered good		
Loans to employees	–	14,309,780
	–	14,309,780
Current		
Unsecured, considered good		
Loans to employees	12,902,338	5,915,719
	12,902,338	5,915,719
Total loans	12,902,338	20,225,499

2.4 Other financial assets

in ₹

Particulars	As at December 31, 2018	2017
Current		
Others (1)	1,444,223	23,115,121
	1,444,223	23,115,121
Total current other financial assets	1,444,223	23,115,121
Financial assets carried at amortized cost	1,444,223	23,115,121
(1) Includes dues from Related Parties (Refer to Note 2.19)	1,444,223	–

2.5 Trade Receivables

in ₹

Particulars	As at December 31,	
	2018	2017
Current		
Unsecured		
Considered good[1]	56,627,500	52,644,636
	56,627,500	52,644,636
Less Allowances for credit losses	–	–
Total Trade Receivables	56,627,500	52,644,636
[1] Includes dues from related parties (Refer to Note 2.19)	56,627,500	52,644,636

2.6 Cash And Cash Equivalents

in ₹

Particulars	As at December 31,	
	2018	2017
Balances with banks		
In current accounts	75,719,587	1,139,104
Total cash and cash equivalents	75,719,587	1,139,104

2.7 Other Assets

in ₹

Particulars	As at December 31,	
	2018	2017
Current		
Others		
Prepaid expenses	516,888	–
Withholding taxes and others	6,078,145	6,013,139
Total current other assets	6,595,033	6,013,139

2.8 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,	
	2018	2017
Assets		
Cash and cash equivalents (Refer to Note 2.6)	75,719,587	1,139,104
Trade receivables (Refer to Note 2.5)	56,627,500	52,644,636
Loans (Refer to Note 2.3)	12,902,338	20,225,499
Other financial assets (Refer to Note 2.4)	1,444,223	23,115,121
Total	146,693,648	97,124,360
Liabilities		
Trade payables (Refer to Note 2.12)	31,196,335	36,152,559
Borrowings (Refer to Note 2.10)	273,450,537	259,674,762
Other financial liabilities (Refer to Note 2.11)	51,370,490	31,181,581
Total	356,017,362	327,008,902

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'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 ₹56,627,500 and ₹52,644,636 as of December 31, 2018 and December 31, 2017, 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. On account of adoption of 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 international 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.

in ₹

Particulars	Years ended December 31,	
	2018	2017
Balance at the beginning	–	26,035
Impairment loss recognized/ reversed	–	(33,137)
Amounts written off	–	–
Translation differences	–	7,102
Balance at the end	–	–

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

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents. The company has taken loan from its parent company to meet its working capital requirement.

As of December 31, 2018 and December 31, 2017, the Company had cash and cash equivalents of ₹75,719,587 and ₹1,139,104, respectively.

2.9 Equity

Equity share capital

in ₹, except as stated otherwise

Particulars	As at December 31,	
	2018	2017
Authorized		
Equity shares, EUR 489.32/- par value	34,475,106	34,475,106
1000(1000) equity shares	34,475,106	34,475,106
Issued, subscribed and paid-up		
Equity shares, EUR 489.32/- par value	34,475,106	34,475,106
1000(1000) equity shares fully paid up		
	34,475,106	34,475,106

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, 2018		As at December 31, 2017	
	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 otherwise stated

Particulars	As at December 31,	
	2018	2017
Non-current		
Unsecured loan from parent (Refer to Note 2.19)	273,450,537	259,674,762
Total borrowings	273,450,537	259,674,762

*The loans were given in accordance with the terms and conditions of the loan agreement and carries an interest rate of 0.75% per annum each, and are repayable at the discretion of the lender.

2.11 Other financial liabilities

in ₹

Particulars	As at December 31,	
	2018	2017
Non-current		
Other loans		
Loans and advances to employees	5,053,575	–
	5,053,575	–
Current		
Others		
Accrued compensation to employees	15,725,955	13,843,012
Accrued expenses [(1)]	20,507,925	17,035,779
Compensated absences	5,659,483	3,914,626
Other payables [(2)]	15,136,610	302,790
	57,029,973	35,096,207
Total financial liabilities	62,083,548	35,096,207
Financial liability carried at amortized cost	51,370,490	31,181,581
(1) Includes dues to related parties (Refer to Note 2.19)	125,373	133,708
(2) Includes dues to related parties (Refer to Note 2.19)	14,954,382	302,790

2.12 Trade payables

in ₹

Particulars	As at December 31,	
	2018	2017
Trade payables [(1)]	31,196,335	36,152,559
Total trade payables	31,196,335	36,152,559
(1) Includes dues to related parties (Refer to Note 2.19)	11,932,299	34,672,629

2.13 Other liabilities

in ₹

Particulars	As at December 31,	
	2018	2017
Current		
Others		
Withholding taxes and others	1,025,643	37,141
Total Current other liabilities	1,025,643	37,141

2.14 Income taxes

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

in ₹

Particulars	Years ended December 31,	
	2018	2017
Current taxes	(4,162,015)	(6,384,519)
Income tax expense	(4,162,015)	(6,384,519)

Current tax expense for the years ended December 31, 2018 and December 31, 2017 includes reversals (net of provisions) amounting to ₹4,383,159 and provisions (net of reversals) amounting to ₹66,75,365 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, 2018	2017
Profit before income tax	23,797,256	9,716,993
Enacted tax rates (%)	29.58%	33.99%
Computed expected tax expense	7,039,228	3,302,806
Overseas taxes (net of reversals)	(4,383,159)	(6,675,365)
Effect of unrecognized deferred tax assets on loss	(7,039,228)	(3,302,806)
Others	221,144	290,846
Income tax expense	(4,162,015)	(6,384,519)

The applicable Belgium statutory tax rate for the year ended December 31, 2018 and December 31, 2017 is 29.58% and 33.99% respectively.

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

in ₹

Particulars	Years ended December 31, 2018	2017
Income tax assets	–	–
Current income tax liabilities	3,062,623	6,889,857
Net current income tax assets/ (liability) at the end	(3,062,623)	(6,889,857)

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

in ₹

Particulars	Years ended December 31, 2018	2017
Net current income tax asset/ (liability) at the beginning	(6,889,857)	(12,634,937)
Income tax paid	–	(639,439)
Current income tax expense (Refer to Note 2.14)	4,162,015	6,384,519
Translation difference	(334,781)	–
Net current income tax asset/ (liability) at the end	(3,062,623)	(6,889,857)

2.15 Revenue from operations

in ₹

Particulars	Years ended December 31, 2018	2017
Income from consultancy services	329,303,196	219,629,939
Total Revenue from operations	329,303,196	219,629,939

2.16 Other Income

in ₹

Particulars	Years ended December 31, 2018	2017
Interest received on financial assets carried at amortised cost		
Deposits with banks and others	–	3,577
Miscellaneous income, net	2,725,364	4,358,899
Total other income	2,725,364	4,362,476

2.17 Expenses

in ₹

Particulars	Years ended December 31, 2018	2017
Employee benefit expenses		
Salaries including bonus	222,683,639	126,038,318
Staff welfare	1,373,184	2,254,643
Total Employee benefit expenses	224,056,823	128,292,961
Cost of software packages and others		
Third-party items bought for service delivery to clients	–	(4,602,750)
	–	(4,602,750)

in ₹

Particulars	Years ended December 31, 2018	2017
Other expenses		
Brand and marketing	115,959	207,262
Operating lease payments	7,487,446	6,738,577
Rates and taxes	798,371	1,207,695
Repairs and maintenance	230,475	540,570
Insurance	249,169	228,415
Allowances for credit losses on financial assets	–	(33,137)
Others	(998,590)	2,796,854
Total other expenses	7,882,830	11,686,236

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, 2018	2017
Lease rentals recognized during the period	7,487,446	6,738,577

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, 2018	As at December 31, 2017
Future minimum lease payable		
Not later than 1 year	2,409,273	1,807,890
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 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 related parties

Name of the holding company	Country	Holding as at December 31, 2018	Holding as at December 31, 2017
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	India	99.90%	99.90%

List of the ultimate holding companies

Name of the utimate holding company	Country
Infosys Limited	India
Table of fellow subsidiary	
Name of fellow subsidiaries	Country
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	US
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH(1) (formerly Lodestone Management Consultants GmbH)	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	US
Infosys Chile SpA(2)	Chile
Infosys Arabia Limited(3)	Saudi Arabia
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) (3)	Brazil
Infosys CIS LLC(1)(22)	Russia
Infosys Luxembourg S.a.r.l (1)(17)	Luxembourg
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 Inc(23)	Canada
Infosys Canada Public Services Ltd(24)	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited 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)	Switzerland
Lodestone Management Consultants Inc.(6)(15)	US
Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty Limited) (6)	Australia
Infosys Consulting AG (6)	Switzerland
Infosys Consulting GmbH (6)	Germany

Name of the utimate holding company	Country
Infosys Consulting SAS [6]	France
Infosys Consulting s.r.o. [6]	Czech Republic
Lodestone Management Consultants Co., Ltd.[6]	China
Infy Consulting Company Ltd [6]	UK
Infy Consulting B.V. (Lodestone Management Consultants B.V.) [6]	The Netherlands
Infosys Consulting Sp. z.o.o [6]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [6]	Portugal
S.C. Infosys Consulting S.R.L. [6]	Romania
Infosys Consulting S.R.L. [6]	Argentina
Panaya Inc. (Panaya)	US
Panaya Ltd.[8]	Israel
Panaya GmbH[8]	Germany
Panaya Japan Co. Ltd[4][8]	Japan
Noah Consulting LLC (Noah)[9]	US
Noah Information Management Consulting Inc. (Noah Canada)[10]	Canada
Brilliant Basics Holdings Limited (Brilliant Basics)[11]	UK
Brilliant Basics Limited[12]	UK
Brilliant Basics (MENA) DMCC[12]	Dubai
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[13]	Dubai
Fluido Oy[13][18]	Finland
Fluido Sweden AB (Extero)[19]	Sweden
Fluido Norway A/S[19]	Norway
Fluido Denmark A/S[19]	Denmark
Fluido Slovakia s.r.o[19]	Slovakia
Fluido Newco AB[19]	Sweden
Infosys Compaz PTE. Ltd (formerly Trusted Source Pte. Ltd) [13][20]	Singapore
Infosys South Africa (Pty) Ltd[13][21]	South Africa
WongDoody Holding Company Inc. (WongDoody) [14]	US
WDW Communications, Inc[16]	US
WongDoody, Inc[16]	US

[1] Wholly-owned subsidiary of Infosys Limited
[2] Incorporated effective November 20, 2017
[3] Majority owned and controlled subsidiary of Infosys Limited
[4] Under liquidation
[5] Wholly-owned subsidiary of Infosys BPM
[6] Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
[7] Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
[8] Wholly-owned subsidiary of Panaya Inc.
[9] Liquidated effective November 9, 2017
[10] Wholly-owned subsidiary of Noah. Liquidated effective December 20, 2017
[11] On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holding Limited
[12] Wholly-owned subsidiary of Brilliant Basics Holding Limited.
[13] Wholly-owned subsidiary of Infosys Consulting Pte Ltd
[14] On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
[15] Liquidated effective May 17, 2018
[16] Wholly-owned subsidiary of WongDoody
[17] Incorporated effective August 6, 2018
[18] On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
[19] Wholly-owned subsidiary of Fluido Oy
[20] On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
[21] Incorporated effective December 19,2018
[22] Incorporated effective November 29, 2018
[23] Incorporated effective November 27, 2018, wholly-owned subsidiary Infosys Public Services Inc
[24]Liquidated effective May 9, 2017, wholly-owned subsidiary Infosys Public Services Inc

Associates

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, 2018	As at December 31, 2017
Trade receivables		
Infosys Consulting AG	9,592,671	3,307,626
Infosys Consulting GmbH	2,038,970	2,960,660
Infy Consulting Company Ltd.	44,995,859	46,376,350
	56,627,500	52,644,636
Loans[(1)]		
Infosys Consulting Holding AG	273,450,537	259,674,762
	273,450,537	259,674,762
Trade payables		
Infosys Consulting AG	–	7,924,702
Infosys Consulting GmbH	1,103,770	12,153,383
Infy Consulting Company Ltd.	8,601,845	247,460
Infy Consulting B.V.	2,226,684	14,347,084
	11,932,299	34,672,629
Other payables		
Infosys Consulting AG	72,191	92,091
Infosys Consulting GmbH	10,769,001	–
Infosys Consulting SAS	1,186,596	–
Infosys Consulting Holding AG	86,084	–
Infy Consulting B.V.	2,565,838	–
Infosys Limited	274,672	210,699
	14,954,382	302,790
Other receivables		
Infy Consulting B.V.	938,363	–
Infosys Limited	505,860	–
	1,444,223	–
Accrued expenses		
Infosys Limited	125,373	133,708
	125,373	133,708

(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 December 31, 2018	Years ended December 31, 2017
Capital transactions		
Financing transactions		
Loans (net of repayment)		
Infosys Consulting Holding AG	13,775,775	61,043,461
	13,775,775	61,043,461
Revenue transactions		
Purchase of shared services, facilities and personnel		
Infosys Consulting AG	1,350,736	10,335,557
Infosys Consulting GmbH	7,565,883	12,305,781
Infy Consulting Company Ltd.	8,681,955	392,494
Infy Consulting B.V.	1,747,401	–
Infosys Consulting Holding AG	86,652	–
	19,432,627	23,033,832
Interest expenses		
Infosys Consulting Holding AG	2,057,949	1,563,753
	2,057,949	1,563,753
Sale of services		
Infosys Consulting AG	8,724,788	13,962,999
Infosys Consulting GmbH	22,008,881	30,417,932
Infy Consulting Company Ltd.	298,429,730	169,329,821
Lodestone Management Consultants Inc.	–	1,133,136
Infy Consulting B.V.	2,760,507	12,762,834
	331,923,906	227,606,723

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.

Panaya Inc.

Independent Auditor's report

To the Members of Panaya Inc

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Panaya Inc ('the Company'), which comprises the Balance Sheet as at December 31, 2018, 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 notes to the financial statement including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'Ind AS financial statements').

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, 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.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's 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 issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the Code of Ethics.

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.

Responsibilities of Management's and those charged with Governance for the financial Statement:

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

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.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements:

Our objective 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

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 there under.

for Shenoy & Kamath
Chartered Accountants,
Firm registration number. 006673S

M. Rathnakar Kamath
Partner
Membership number: 202841

Bengaluru
January 8, 2019

Balance Sheet

In US$

Particulars	Note no.	As at December 31, 2018	As at December 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	162,600	259,655
Financial assets			
Investments	2.2	39,169,740	39,169,740
Deffered tax assets	2.12	649,966	–
Income tax assets	2.12	–	2,257
Total non-current assets		39,982,305	39,431,652
Current assets			
Financial assets			
Trade receivables	2.3	41,217,636	33,464,430
Cash and cash equivalents	2.4	220,201	1,050,275
Other financial assets	2.5	17,249,382	12,608,157
Other current assets	2.6	11,111	9,652
Total current assets		58,698,330	47,132,514
Total Assets		98,680,635	86,564,166
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.7	–	–
Other equity		63,463,348	62,938,980
Total equity		63,463,348	62,938,980
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	2.12	42,112	–
Borrowings	2.9	4,013,836	–
Total non–current liabilities		4,055,948	–
Current liabilities			
Financial liabilities			
Trade payables	2.8	23,230,025	16,268,442
Other financial liabilities	2.10	641,030	923,970
Other current liabilities	2.11	7,211,404	6,194,969
Income tax liabilities	2.12	78,880	237,805
Total current liabilities		31,161,339	23,625,186
Total equity and liabilities		98,680,635	86,564,166

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

As per our report of even date attached

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

M. Rathnakar Kamath
Partner
Membership number: 202841

for and on behalf of Board of Directors of Panaya Inc.

Adi Keinan
Director

Deepak Padaki
Director

Bengaluru
January 8, 2019

Statement of Profit and Loss

In US$, except share and per share data

Particulars	Note no.	Years ended December 31	
		2018	2017
Revenue from operations	2.13	16,472,117	16,157,088
Other income, net	2.14	58,805	–
Total income		16,530,922	16,157,088
Expenses			
Employee benefit expenses	2.15	7,633,157	8,829,348
Cost of technical sub-contractors	2.15	6,898,891	4,746,198
Travel expenses	2.15	624,273	837,846
Communication expenses	2.15	62,741	87,602
Consultancy and professional charges		101,708	573,123
Finance cost		13,836	–
Depreciation	2.1	101,315	106,738
Other expenses	2.15	661,680	432,472
Total expenses		16,097,601	15,613,327
Profit/(loss) before tax		433,321	543,761
Tax expense:			
Current tax	2.12	516,805	272,928
Deferred tax	2.12	(607,852)	–
Profit/(loss) for the year		524,368	270,833
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 year		524,368	270,833
Earnings per equity share			
Equity shares of par value $0.01 each			
Basic and diluted		262,184	135,416
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

for and on behalf of Board of Directors of Panaya Inc.

M. Rathnakar Kamath
Partner
Membership number: 202841

Adi Keinan
Director

Deepak Padaki
Director

Bengaluru
January 8, 2019

Statements of Cash Flows

In US$

Particulars	Years ended December 31, 2018	2017
Cash flow from operating activities		
Profit/(loss) for the year	524,368	270,833
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	101,315	106,738
Income tax expense	516,805	272,928
Interest expense on loan	13,836	–
Changes in assets and liabilities		
Trade receivables	(7,753,206)	(13,896,244)
Other assets and other financial assets	(4,642,684)	(546,241)
Trade payables	6,961,583	4,670,807
Other financial liabilities and other liabilities	733,495	3,753,446
Cash generated from operations	(3,544,488)	(5,367,733)
Income taxes paid	(673,475)	(43,790)
Net cash from/(used in) operating activities	(4,217,963)	(5,411,523)
Cash flow from investing activities		
Expenditure on property, plant and equipment	(4,259)	(101,050)
Net cash from/(used in) investing activities	(4,259)	(101,050)
Cash flow from financing activities		
Additional capital towards securities premium	–	6,000,000
Borrowings	4,000,000	–
Net cash from/(used in) financing activities	4,000,000	6,000,000
Effect of exchange differences on translation of foreign currency cash and cash equivalents	–	–
Net decrease in cash and cash equivalents	(222,222)	487,427
Cash and cash equivalents at the beginning of the year	1,050,275	562,848
Cash and cash equivalents at the end of the year	828,053	1,050,275

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

As per our report of even date attached

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

M. Rathnakar Kamath
Partner
Membership number: 202841

for and on behalf of Board of Directors of Panaya Inc.

Adi Keinan
Director

Deepak Padaki
Director

Bengaluru
January 8, 2019

Statement of Changes in Equity

In US$

Particulars	Equity share capital	Other equity — Reserves and surplus — Securities premium	Other equity — Reserves and surplus — Retained earnings	Total equity attributable to equity holders of the Company
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
Balance as of January 1, 2018	–	59,509,414	3,429,567	62,938,980
Changes in equity for the year ended December 31, 2018				
Profit for the Year	–	–	524,368	524,368
Balance as of December 31, 2018	–	59,509,414	3,953,935	63,463,348

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 8, 2019

for and on behalf of Board of Directors of Panaya Inc.

Adi Keinan
Director

Deepak Padaki
Director

Significant Accounting Policies

Company overview

Panaya Inc. ('the Company') was incorporated in the USA. The Company is a wholly-owned subsidiary of Infosys Limited.

Panaya Inc., USA develops and markets solutions for ERP systems, by identifying the changes on the ERP system through automated analysis.

1 Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. 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.

Accounting policies have been consistently applied, except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities, and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include allowances for credit losses, future obligations under employee benefit plans, income taxes and the useful lives of property, plant, and equipment.

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

1.4 Revenue recognition

The Company derives its revenue principally from the sale of its ERP systems analysis services including activation and monthly service fees. Revenues from services are recognized as services are performed or on a straight-line basis if service is ongoing. Revenue is recognized provided that arrangement (usually in the form of a purchase order) exists, the fee is fixed and determinable and collection is reasonably assured. If uncertainties exist, revenue is recognized when the uncertainties are resolved.

1.5 Provisions

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

1.6 Property, plant and equipment

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

Leasehold improvements	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 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.

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 amortised 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.

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

1.13 Cash flow statement

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

1.14 Other income

Other income is comprised primarily of exchange gain / loss on translation of assets and liabilities and miscellaneous income.

1.15 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period.

1.16 Leases

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

1.17 Borrowing cost

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

1.18 Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs (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, the MCA 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.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach).

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

The Company will adopt the standard on January 1, 2019 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended December 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 December 31, 2018 are follows:

In US$

Particulars	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2018	120,950	27,660	243,680	97,847	490,137
Additions/Adjustments	–	1,617	1,258	1,384	4,259
Deletions/adjustments	–	–	–	–	–
Gross carrying value as of December 31, 2018	120,950	29,278	244,938	99,231	494,397
Accumulated depreciation as of January 1, 2018	(39,253)	(10,841)	(155,397)	(24,991)	(230,482)
Depreciation	(23,612)	(5,290)	(52,730)	(19,683)	(101,315)
Accumulated depreciation on deletions	–	–	–	–	–
Accumulated depreciation as of December 31, 2018	(62,865)	(16,131)	(208,127)	(44,674)	(331,797)
Carrying value as of December 31, 2018	58,085	13,146	36,811	54,558	162,600
Carrying value as of January 1, 2018	81,697	16,819	88,283	72,857	259,655

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

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/Adjustments	40,690	10,620	7,575	42,165	101,050
Deletions/adjustments	–	–	–	–	–
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

2. 2 Investments

In US$

Particulars	As at December 31,	
	2018	2017
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, 2018	As at December 31, 2017
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, 2018	As at December 31, 2017
Current		
Unsecured		
Considered good [1]	41,217,636	33,464,430
Total trade receivables	41,217,636	33,464,430
[1] Includes dues from related parties (Refer to Note 2.18)	39,468,909	29,895,683

2.4 Cash and cash equivalents

In US$

Particulars	As at December 31, 2018	As at December 31, 2017
Balances with banks		
In current and deposit accounts	220,165	1,049,795
Cash on hand	36	480
Total cash and cash equivalents	220,201	1,050,275

2.5 Other financial assets

In US$

Particulars	As at December 31, 2018	As at December 31, 2017
Current		
Rental deposits [1]	21,573	21,573
Others [1][2]	17,227,809	12,586,584
Total other current financial assets	17,249,382	12,608,157
[1] Financial assets carried at amortized cost	17,249,382	12,608,157
[2] Includes dues from related parties (Refer to Note 2.18)	17,227,809	12,586,584

2.6 Other assets

In US$

Particulars	As at December 31, 2018	As at December 31, 2017
Current		
Prepaid expenses	11,111	8,077
Withholding taxes and others	–	1,575
Total current assets	11,111	9,652

2.7 Equity

Equity share capital

In US$

Particulars	As at December 31, 2018	As at December 31, 2017
Authorized		
Equity share capital (2 Equity shares of par value US $ 0.01 each)	0	0
Issued, subscribed and paid-up		
Equity share capital (2 Equity shares of par value US $ 0.01 each)	0	0
Total equity share capital	0	0

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

in US$

Name of the shareholder	As at December 31 2018	As at December 31 2017
Infosys Limited	100%	100%

2.8 Trade payables

In US$

Particulars	As at December 31, 2018	As at December 31, 2017
Trade payables[1]	23,230,025	16,268,442
Total trade payables	23,230,025	16,268,442
[1] Includes dues to related parties (Refer to Note 2.18)	23,155,940	16,257,048

2.9 Borrowings

In US$

Particulars	As at December 31, 2018	As at December 31, 2017
Non-Current		
Unsecured loan[1][2]	4,013,836	–
Total current borrowings	4,013,836	–
[1] Includes dues to related parties (Refer to Note 2.18)	4,013,836	–

[2] The above loan carries an interest of 2.5% p.a. and shall be repayable in full within 12 months from the date of loan agreement, unless extended by the written consent of both the parties.

2.10 Other financial liablities

In US$

Particulars	As at December 31, 2018	As at December 31, 2017
Current		
Accrued compensation to employees [1]	483,736	799,769
Accrued expenses [1]	85,550	73,484
Compensated absences	36,574	48,493
Other payables [1]	35,170	2,224
Total other current financial liabilities	641,030	923,970
[1] Financial liability carried at amortized cost	604,456	875,477

2.11 Other liabilities

In US$

Particulars	As at December 31, 2018	As at December 31, 2017
Current		
Unearned revenue	7,207,717	6,194,969
Others - Withholding taxes and others	3,687	–
Total other current liabilities	7,211,404	6,194,969

2.12 Income taxes

Income tax expense in the statement of profit and loss comprises:

In US$

Particulars	Years ended December 31, 2018	Years ended December 31, 2017
Current taxes	516,805	272,928
Deferred taxes	(607,852)	–
Income tax expense	(91,047)	272,928

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, 2018	Years ended December 31, 2017
Profit before income taxes	433,321	543,761
Enacted tax rates in the USA	27.00%	40.00%
Computed expected tax expense	116,997	217,504
Effect of unrecognized deferred tax assets	(354,565)	(110,186)
Tax provision/ reversals	18,712	14,024
Overseas taxes	122,182	–
Effect of non-deductible expenses	5,627	151,586
Income tax expense	(91,047)	272,928

The applicable statutory tax rate for year ended December 31, 2018 and December 31, 2017 is 40%.

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

In US$

Particulars	As at December 31, 2018	As at December 31, 2017
Income tax assets	–	2,257
Deferred tax assets	649,966	–
Deferred tax liabilities	(42,112)	–
Current income tax liabilities	(78,880)	(237,805)
Net current income tax assets/ (liability) at the end	528,974	(235,548)

The gross movement in the current income tax asset/ (liability) for the year ended are as follows:

In US$

Particulars	Years ended December 31, 2018	Years ended December 31, 2017
Net current income tax asset/ (liability) at the beginning	(235,548)	(6,410)
Income tax paid	673,475	43,790
Current income tax expense	91,047	(272,928)
Net current income tax asset/ (liability) at the end	528,974	(235,548)

2.13 Revenue from operations

In US$

Particulars	Years ended December 31, 2018	Years ended December 31, 2017
Revenue from software services	16,472,117	16,157,088
Total revenue from operations	16,472,117	16,157,088

2.14 Other income, net

In US$

Particulars	Years ended December 31, 2018	Years ended December 31, 2017
Miscellaneous income	58,805	–
Total other income, net	58,805	–

2.15 Expenses

In US$

Particulars	Years ended December 31, 2018	Years ended December 31, 2017
Employee benefit expenses		
Salaries including bonus	7,561,536	8,648,652
Staff welfare	71,621	180,696
Total employee benefit expenses	7,633,157	8,829,348
Cost of technical sub-contractors		
Technical sub-contractors - subsidiaries	6,898,891	4,746,198
Total cost of technical sub-contractors	6,898,891	4,746,198
Travel expenses		
Overseas travel expenses	298,808	372,150
Overseas boarding and lodging	284,551	405,432
Perdiem	40,914	60,264

Particulars	Years ended December 31,	
	2018	2017
Total travel expenses	624,273	837,846
Communication expenses		
Telephone charges	62,741	87,602
Total communication expenses	62,741	87,602

In US$

Particulars	Years ended December 31,	
	2018	2017
Other expenses		
Repair and maintenance	293,581	87,635
Printing and stationery	1,712	8,191
Marketing expenses	47,030	86,779
Rent	240,557	186,269
Rates and taxes, excluding taxes on income	8,369	515
Postage and courier	2,988	11,486
Insurance charges	2,729	3,101
Consumables	52,363	34,623
Bank charges	11,542	10,233
Miscellaneous expenses	809	3,640
Total other expenses	661,680	432,472

2.16 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period is as follows:

In US$

Particulars	Years ended December 31,	
	2018	2017
Lease rentals recognized during the period	240,557	186,269

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,	
	2018	2017
Not later than 1 year	1,194,905	238,641
Later than 1 year and not later than 5 years	1,578,452	603,444
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.

2.17 Financial instruments

Financial instruments by category

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

In US$

Particulars	Carrying value as on December 31,	
	2018	2017
Assets		
Cash and cash equivalents (Refer to Note 2.4)	220,201	1,050,275
Trade receivables (Refer to Note 2.3)	41,217,636	33,464,430
Other financial assets (Refer to Note 2.5)(1)	17,249,382	12,608,157
Total	58,687,219	47,122,862
Liabilities:		
Trade payables (Refer to Note 2.8)	23,230,025	16,268,442
Borrowings (Refer to Note 2.9)	4,013,836	–
Other financial liabilities (Refer to Note 2.10)	604,456	875,477
Total	27,848,317	17,143,919

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$ 41,217,636 and US$ 33,464,430 as of December 31, 2018 and December 31, 2017, 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 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, 2018 and December 31, 2017 was nil and US$ 48,125, respectively.

In US$

Particulars	Years ended December 31,	
	2018	2017
Balance at the beginning	–	–
Impairment loss recognised/ reversed	–	48,125
Amounts written off	–	(48,125)
Translation differences	–	–
Balance at the end	–	–

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

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents. The Company has taken loan from its related party to meet its working capital requirements.

As of December 31, 2018, the Company had a working capital of US$ 23,523,155 including cash and cash equivalents of US$ 220,201. 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.

2.18 Related party transactions

List of related parties

Name of the holding company	Country
Infosys Limited	India

List of fellow subsidiaries

Name of the subsidiary companies	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)	U.S.
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH(1) (formerly Lodestone Management Consultants GmbH)	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	U.S.
Infosys Chile SpA(2)	Chile
Infosys Arabia Limited(3)	Saudi Arabia
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) (3)	Brazil
Infosys CIS LLC(1)(22)	Russia
Infosys Luxembourg S.a.r.l (1)(17)	Luxembourg
Infosys Americas Inc., (Infosys Americas)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)(4)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.
Infosys Canada Public Services Inc(23)	Canada
Infosys Canada Public Services Ltd(24)	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited 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)	U.S.
Portland Group Pty Ltd(5)	Australia
Infosys BPO Americas LLC.(5)	U.S.
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland
Lodestone Management Consultants Inc.(6)(15)	U.S.
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 Co., Ltd.(6)	China
Infy Consulting Company Ltd (formerly Lodestone Management Consultants Ltd.) (6)	U.K.
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

Name of the subsidiary companies	Country
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
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)[(7)]	Belgium
Panaya Ltd.[(8)]	Israel
Panaya GmbH[(8)]	Germany
Panaya Japan Co. Ltd[(4)(8)]	Japan
Noah Consulting LLC (Noah)[(9)]	U.S.
Noah Information Management Consulting Inc. (Noah Canada)[(10)]	Canada
Brilliant Basics Holdings Limited (Brilliant Basics)[(11)]	U.K.
Brilliant Basics Limited[(12)]	U.K.
Brilliant Basics (MENA) DMCC[(12)]	Dubai
Infosys Consulting Pte Limited (Infosys Singapore)[(1)]	Singapore
Infosys Middle East FZ LLC[(13)]	Dubai
Fluido Oy[(13)(18)]	Finland
Fluido Sweden AB (Extero)[(19)]	Sweden
Fluido Norway A/S[(19)]	Norway
Fluido Denmark A/S[(19)]	Denmark
Fluido Slovakia s.r.o[(19)]	Slovakia
Fluido Newco AB[(19)]	Sweden
Infosys Compaz PTE. Ltd (formerly Trusted Source Pte. Ltd) [(13)(20)]	Singapore
Infosys South Africa (Pty) Ltd[(13)(21)]	South Africa
WongDoody Holding Company Inc. (WongDoody) [(14)]	U.S.
WDW Communications, Inc[(16)]	U.S.
WongDoody, Inc[(16)]	U.S.

(1) Wholly-owned subsidiary of Infosys Limited
(2) Incorporated effective November 20, 2017
(3) Majority-owned and controlled subsidiary of Infosys Limited
(4) Under liquidation
(5) Wholly-owned subsidiary of Infosys BPM
(6) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(8) Wholly-owned subsidiary of Panaya Inc..
(9) Liquidated effective November 9, 2017
(10) Wholly-owned subsidiary of Noah. Liquidated effective December 20, 2017
(11) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holding Limited
(12) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(13) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(14) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
(15) Liquidated effective May 17, 2018
(16) Wholly-owned subsidiary of WongDoody
(17) Incorporated effective August 6, 2018
(18) On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
(19) Wholly-owned subsidiary of Fluido Oy
(20) On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
(21) Incorporated effective December 19,2018
(22) Incorporated effective November 29, 2018
(23) Incorporated effective November 27, 2018, wholly-owned subsidiary Infosys Public Services Inc
(24) Liquidated effective May 9, 2017, wholly-owned subsidiary Infosys Public Services Inc

Associate

DWA Nova LLC has been liquidated w.e.f November 17, 2017.

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

In USD

Particulars	As at December 31,	
	2018	2017
Trade receivables		
Panaya Ltd	39,468,909	29,895,683
	39,468,909	29,895,683
Other financial assets		
Panaya Ltd	17,227,809	12,586,584
	17,227,809	12,586,584
Trade payables		
Panaya Ltd.	23,155,940	16,257,048
	23,155,940	16,257,048
Borrowings		
Infosys Public Services Inc	4,013,836	–
	4,013,836	–

The details of the related parties transactions entered into by the Company, for the year ended December 31, 2018 and December 31, 2017 are as follows:

In USD

Particulars	Years ended December 31	
	2018	2017
Revenue transactions:		
Purchase of services		
Panaya Ltd.	6,898,891	4,746,198
	6,898,891	4,746,198
Finance cost		
Infosys Public Services Inc	13,836	–
	13,836	–
Sale of services		
Panaya Ltd.	9,573,225	11,424,796
	9,573,225	11,424,796

2.19 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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Panaya Ltd.

Independent Auditor's Report

To the Shareholders of Panaya Ltd.

We have audited the accompanying statement of financial position of Panaya Ltd. ('the Company') as of December 31, 2018 and 2017, and the related statements of comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended. These financial statements are the responsibility of the Company's Board of Directors and Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, including those prescribed by the Auditors' Regulations (Auditor's 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 Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the year ended December 31, 2018, in conformity with accounting principles generally accepted in Israel (Israeli GAAP).

Brightman Almagor Zohar & Co.
Certified Public Accountants

Member of Deloitte Touche Tohmatsu Limited

Tel-Aviv, Israel

March 13, 2019

Statement of Financial Position

In NIS thousand

Particulars	Note no.	As at December 31, 2018	As at December 31, 2017
ASSETS			
Current assets:			
Cash and cash equivalents		9,841	13,103
Trade receivables		546	2,871
Trade receivables - related parties		3,307	1,197
Other receivables - Related parties		841	2,386
Other receivables		7,006	4,978
Total current assets		21,541	24,535
Property and equipment, net	3	7,077	8,847
Intangible assets, net		78	464
Total assets		28,696	33,846
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current Liabilities:			
Trade payables		4,412	1,866
Trade payables - Related parties		131,903	93,145
Other payables - Related parties		64,144	39,137
Other payables		6,520	6,162
Employee related payables		15,072	14,929
Deferred revenue		92,830	90,388
Total current liabilities		314,881	245,627
Accrued severance pay, net of severance fund	4	675	460
Commitments and contingent liabilities	5		
Total shareholders' deficiency		(286,860)	(212,241)
Liabilities and shareholders' deficiency		28,696	33,846

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

March 13, 2018

Adi Keinan
Director and Chief Financial Officer

Statement of Comprehensive Loss

In NIS thousand

Particulars	Note no.	Years ended December 31,	
		2018	2017
Revenues	2I	134,186	124,757
Cost of revenues		19,021	19,417
Gross profit		115,165	105,340
Operating expenses:			
Research and development	2C, 8A	56,530	54,694
Selling and marketing expenses	8B	97,030	106,746
General and administrative expenses	8C	13,657	14,091
Operating loss		52,052	70,191
Financial expenses (income), net		22,930	(4,858)
Other (income) expenses		(363)	750
Net loss		74,619	66,083

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

Statement of Changes in Shareholders' Deficiency

In NIS 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 at January 1, 2017	13	79,925	15,863	68,798	(310,757)	(146,158)
Net loss	-	-	-	-	(66,083)	(66,083)
Balance at December 31, 2017	13	79,925	15,863	68,798	(376,840)	(212,241)
Net loss	-	-	-	-	(74,619)	(74,619)
Balance at December 31, 2018	13	79,925	15,863	68,798	(451,459)	(286,860)

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

Statement of Cash Flows

In NIS thousand

Particulars	Years ended December 31,	
	2018	2017
Cash flows provided by (used in) operating activities:		
Net loss	(74,619)	(66,083)
Adjustment required to reconcile net loss to cash provided by (used in) operating activities:		
Depreciation and amortization	2,693	2,453
Decrease (increase) in trade and other receivables	(268)	6,074
Increase in trade and other payables	66,669	39,242
Increase (decrease) in employee related payables	143	(6,038)
Increase in deferred revenue	2,442	19,189
Increase (decrease) in accrued severance pay, net	215	(642)
Net cash used in operating activities	(2,725)	(5,805)
Cash flows from investing activities:		
Acquisition of property and equipment	(537)	(390)
Net cash used in investing activities	(537)	(390)
Decrease in cash and cash equivalents	(3,262)	(6,195)
Cash and cash equivalents at the beginning of the year	13,103	19,298
Cash and cash equivalents at the end of the year	9,841	13,103

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

Notes to the Financial Statements

Note 1: General

A. Panaya Ltd. (the 'Company') was incorporated and commenced operations on January 2, 2006, as a wholly-owned subsidiary of Panaya Inc. ('the Parent Company'), which is incorporated in Delaware, U.S.

B. The Company develops and markets solutions for ERP systems, by identifying the changes on the ERP system through automated analysis.

C. The Company has incurred losses since its inception. Until it reaches sufficient profitability, the Company's continued operations as a going concern are dependent on financing from the Parent Company.

D. Related parties - Within their meaning in Opinion No. 29 of the Institute of Certified Public Accountants in Israel.

E. The functional currency of the Company is the NIS, as the NIS is the primary currency of the economic environment in which the Company has operated and expects to continue to operate in the foreseeable future.

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. 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

The composition:

In NIS thousand

Particulars	December 31,	
	2018	2017
Cost:		
Furniture and fixtures	2,467	3,205
Computers and software	9,901	9,950
Leasehold improvements	10,505	10,490
Communication equipment	366	366
	23,239	24,011
Less - Accumulated depreciation	16,162	15,164
Net book value	7,077	8,847

Note 4: Liability for severance pay

On February 28, 2015, the Company's employees have signed off on Section 14 of the Severance Pay Law, 1963, pursuant to which the Company's regular deposits with pension funds and/ or insurance companies release it from any further liability to the employees for whom such deposits are made. Therefore, the financial statements do not include a liability in respect of the amounts that were deposited from that date to cover that liability. As regards to severance pay liability until the sign off, a liability is recognized in the financial statements in respect of the employer's obligation to pay severance pay, which is calculated on the basis of their most recent salary as at balance sheet date, multiplied by the employee's years of employment until February 28, 2015, and is presented net of the amounts deposited for severance pay as aforesaid.

Note 5: Commitments and contingent liabilities

A. Lease agreements

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 two years commencing January 2019.

B. Operating lease agreements

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

Common stock:

Particulars	As at December 31, 2018 and 2017	
	Authorized	Issued and fully paid
	Number of shares	
Ordinary shares NIS 1.00 par value each	10,000	6,000

Each ordinary share is entitled to one vote and to receive dividends as declared by the Board of Directors.

Note 7: Taxes on income

A. Presented hereunder are the tax rates relevant to the Company

Year	%
2017	24
2018	23

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% from January 2017 and the second step will be to a rate of 23% 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 'benefitted 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 benefitted 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 benefitted enterprise is tax-exempt during the first two years of the seven to ten year tax benefit period as above, and is subject to a reduced tax rate of 10%-25% during the remaining years of benefits.

In the event of distribution of a cash dividend from income which was tax exempt as above, the Company would have to pay the 25% tax in respect of the amount distributed.

The Company is entitled to claim accelerated depreciation in respect of equipment used by approved enterprises during the first five years of the operation of these assets.

The entitlement to the above benefits is conditional upon the Israeli subsidiary's fulfilling the conditions stipulated by the above Law, regulations published there under and the certificate of approval for the specific investments in benefitted 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 2013.

C. As of December 31, 2017, the Company had a net carryforward tax loss of approximately NIS 280 million and a provisional current year tax loss is approximately NIS 70 million. Under Israeli tax laws, the carryforward tax losses of the Company can be utilized indefinitely.

D. Deferred tax assets were not created as 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, 2018.

Note 8: Supplementary statements of operations information

A. Research and development costs

In NIS thousand

Particulars	Years ended December 31,	
	2018	2017
Payroll and related expenses	41,743	39,750
Consultants and related expenses	8,812	7,426
Depreciation and amortization	1,507	1,764
Other	4,468	5,754
	56,530	54,694

B. Selling and marketing expenses

In NIS thousand

Particulars	Years ended December 31,	
	2018	2017
Payroll and related expenses	10,299	6,394
Consultants and related expenses	562	488
Marketing	6,555	4,938
Travel and office expenses	5,658	4,838
Other	8,240	10,918
Related Parties	40,305	52,269
Related Parties - subcontractors	25,411	26,901
	97,030	106,746

C. General and administrative expenses

In NIS thousand

Particulars	Years ended December 31,	
	2018	2017
Payroll and related expenses	10,623	10,003
Consultants and related expenses	732	1,552
Other	2,302	2,536
	13,657	14,091

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Panaya GmbH

Independent Auditor's Report

To the Members of Panaya GmbH

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Panaya GmbH ('the Company'), which comprises the Balance Sheet as at December 31, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow, the Statement of Changes in Equity for the year then ended, and notes to the financial statement including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'Ind AS financial statements').

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, 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.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's 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 issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the Code of Ethics.

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.

Responsibilities of Management's and those charged with Governance for the Financial Statement

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

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.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objective 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

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 8, 2019

Balance Sheet

In ₹

Particulars	Note no.	As at December 31,	
		2018	2017
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	1,45,177	2,68,769
Total non-current assets		1,45,177	2,68,769
Current assets			
Financial assets			
Trade receivables	2.2	53,50,39,215	51,51,28,238
Cash and cash equivalents	2.3	2,72,35,711	4,96,96,623
Other financial assets	2.4	13,26,61,378	5,36,92,053
Other current assets	2.5	2,10,717	4,28,951
Total current assets		69,51,47,021	61,89,45,865
Total assets		69,52,92,198	61,92,14,634
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.6	18,12,750	18,12,750
Other equity		(2,05,83,571)	(2,43,98,075)
Total equity		(1,87,70,821)	(2,25,85,325)
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables	2.7	56,40,55,168	41,92,13,323
Other financial liabilities	2.8	94,73,750	1,65,92,711
Other liabilities	2.9	14,05,34,101	20,59,93,925
Total current liabilities		71,40,63,019	64,17,99,959
Total equity and liabilities		69,52,92,198	61,92,14,634

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 8, 2019

for and on behalf of Board of Directors of Panaya GmbH

Adi Keinan
Director

Deepak Padaki
Director

Statement of Profit and Loss

In ₹

Particulars	Note no.	Years ended December 31, 2018	2017
Revenue from operations	2.11	23,81,05,429	29,68,95,506
Other income, net	2.12	(46,533)	42,266
Total income		23,80,58,896	29,69,37,772
Expenses			
Employee benefit expenses	2.13	5,56,20,444	7,02,91,638
Cost of technical sub-contractors		12,84,60,523	12,08,16,329
Travel expenses		56,21,406	68,86,390
Communication expenses		7,33,139	8,85,950
Consultancy and professional charges		61,29,332	87,04,144
Depreciation expense	2.1	1,37,127	94,298
Other expenses	2.13	3,66,17,665	7,90,09,708
Total expenses		23,33,19,636	28,66,88,457
Profit before tax		47,39,260	1,02,49,315
Tax expense:			
Current tax	2.10	–	–
Profit for the year		47,39,260	1,02,49,315
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		(9,24,756)	(35,80,389)
Total other comprehensive income / (loss), net of tax		(9,24,756)	(35,80,389)
Total comprehensive income for the year		38,14,504	66,68,926

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

As per our report of even date attached.

for Shenoy & Kamath
Chartered Accountants

Firm's registration number: 006673S

M. Rathnakar Kamath
Partner
Membership number: 202841

for and on behalf of Board of Directors of Panaya GmbH

Adi Keinan
Director

Deepak Padaki
Director

Bengaluru
January 8, 2019

Statement of Changes in Equity

In ₹

Particulars	Equity hare 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, 2017	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					
Profit for the year	–	–	1,02,49,315	–	1,02,49,315
Exchange differences on translation	–	–	–	(35,80,389)	(35,80,389)
Balance as of December 31, 2017	18,12,750	5,21,612	(2,07,13,286)	(42,06,401)	(2,25,85,325)
Changes in equity for the year ended December 31, 2018					
Profit for the year	–	–	47,39,260	–	47,39,260
Exchange differences on translation	–	–	–	(9,24,756)	(9,24,756)
Balance as of December 31, 2018	18,12,750	5,21,612	(1,59,74,026)	(51,31,157)	(1,87,70,821)

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 8, 2019

for and on behalf of Board of Directors of Panaya GmbH

Adi Keinan
Director

Deepak Padaki
Director

Statement of Cash Flows

In ₹

Particulars	Years ended December 31,	
	2018	2017
Cash flow from operating activities		
Profit for the year	47,39,260	1,02,49,315
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	1,37,127	94,298
Other adjustments	(13,535)	(8,655)
Exchange differences on translation of assets and liabilities	(9,24,756)	(35,80,389)
Changes in assets and liabilities		
Trade receivables	(1,99,10,977)	(29,91,65,291)
Other financial assets and other assets	(7,87,51,091)	1,35,21,922
Trade payables	14,48,41,845	14,37,81,464
Other financial liabilities and other liabilities	(7,25,78,785)	9,23,28,806
Net cash generated by/(used in) operating activities	(2,24,60,912)	(4,27,78,529)
Cash flow from investing activities:		
Expenditure on property, plant and equipment	–	(2,84,835)
Net cash from/(used in) investing activities	–	(2,84,835)
Cash flow from financing activities:		
Net cash from/(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	(2,24,60,912)	(4,30,63,364)
Cash and cash equivalents at the beginning of the year	4,96,96,623	9,27,59,986
Cash and cash equivalents at the end of the year	2,72,35,711	4,96,96,622

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 8, 2019

for and on behalf of Board of Directors of Panaya GmbH

Adi Keinan
Director

Deepak Padaki
Director

Significant accounting policies

Company overview

Panaya GmbH ('the Company') is a wholly-owned subsidiary of Panaya Inc., USA. The Company develops and markets solutions for ERP systems, by identifying the changes on the ERP system through automated analysis.

1 Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. 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.

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.

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 amortised 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.

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

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.

1.17 Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, the Ministry of Corporate Affairs (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, the MCA 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.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach).

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

The Company will adopt the standard on January 1, 2019 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended December 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 December 31, 2018 are as follows:

In ₹

Particulars	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2018	20,21,240	97,231	21,18,471
Additions/ adjustments	–	–	–
Deletions/ adjustments	–	–	–
Translation differences	91,382	4,396	95,778
Gross carrying value as of December 31, 2018	21,12,622	1,01,627	22,14,249
Accumulated depreciation as of January 1, 2018	(17,65,329)	(84,374)	(18,49,703)
Depreciation	(1,20,114)	(17,013)	(1,37,127)
Accumulated depreciation on deletions	–	–	–
Translation differences	(82,242)	–	(82,242)
Accumulated depreciation as of December 31, 2018	(19,67,685)	(1,01,387)	(20,69,072)
Carrying value as of December 31, 2018	1,44,937	240	1,45,177
Carrying value as of January 1, 2018	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, 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/ adjustments	2,84,835	–	2,84,835
Deletions/ adjustments	–	–	–
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 December 31, 2017	2,55,911	12,857	2,68,769
Carrying value as of January 1, 2017	38,620	30,957	69,577

2.2 Trade receivables

In ₹

Particulars	As at December 31,	
	2018	2017
Current		
Unsecured		
Considered good [(1)]	53,50,39,215	51,51,28,238
Total trade receivables	53,50,39,215	51,51,28,238
[(1)] Includes dues from related parties (Refer note2.15)	53,07,55,750	40,33,48,704

2.3 Cash and cash equivalents

In ₹

Particulars	As at December 31,	
	2018	2017
Balances with banks		
In current accounts	2,72,35,711	4,96,96,623
Total cash and cash equivalents	2,72,35,711	4,96,96,623

2.4 Other financial assets

In ₹

Particulars	As at December 31,	
	2018	2017
Current		
Rental deposits	6,74,560	6,46,147
Security deposits	–	52,66,259
Others [1]	13,19,86,818	4,77,79,647
Total other current financial assets	13,26,61,378	5,36,92,053
Financial assets carried at amortized cost	13,26,61,378	5,36,92,053
[1] Includes dues from related parties (Refer note no. 2.15)	13,19,86,818	4,77,79,647

2.5 Other assets

In ₹

Particulars	As at December 31,	
	2018	2017
Current		
Prepaid expenses	2,10,717	4,28,951
Total other current assets	2,10,717	4,28,951

2.6 Equity

Equity share capital

In ₹

Particulars	As at December 31,	
	2018	2017
Authorized	18,12,750	18,12,750
Issued, Subscribed and Paid-Up (wholly-owned by Panaya Inc.)	18,12,750	18,12,750
Total Equity share capital	18,12,750	18,12,750

2.7 Trade payables

In ₹

Particulars	As at December 31,	
	2018	2017
Trade payables [1]	56,40,55,168	41,92,13,323
Total trade payables	56,40,55,168	41,92,13,323
[1] Includes dues to related parties (Refer to Note 2.15)	56,36,77,573	41,87,01,106

2.8 Other financial liablities

In ₹

Particulars	As at December 31,	
	2018	2017
Current		
Accrued compensation to employees[1]	70,16,937	1,09,85,422
Accrued expenses[1]	–	30,612
Compensated absences	24,56,813	54,37,227
Other payables[1]	–	1,39,450
Total other current financial liabilities	94,73,750	1,65,92,711
[1] Financial liability carried at amortized cost	70,16,937	1,11,55,484

2.9 Other liablities

In ₹

Particulars	As at December 31,	
	2018	2017
Current		
Withholding and other taxes payable	20,08,735	1,03,26,077
Unearned revenue	13,85,25,366	19,56,67,848
Total other current liabilities	14,05,34,101	20,59,93,925

2.10 Income taxes

Income tax expense in the statement of profit and loss comprises:

In ₹

Particulars	As at December 31,	
	2018	2017
Current taxes	–	–
Deferred taxes	–	–
Income tax expense	–	–

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,	
	2018	2017
Profit before income taxes	47,39,260	1,02,49,315
Enacted tax rates in Germany	32.50%	32.50%
Computed expected tax expense	15,40,260	33,31,028
Tax provision/(reversals)	–	–
Effect of non-deductible expenses	–	(28,239)
Effect of unrecognized deferred tax assets	(15,40,260)	(33,02,789)
Income tax expense	–	–

The applicable statutory tax rate in Germany for year ending December 31, 2018 and December 31, 2017 is 32.50%.

2.11 Revenue from operations

In ₹

Particulars	Years ended December 31,	
	2018	2017
Income from software services	23,81,05,429	29,68,95,506
Total revenue from operations	23,81,05,429	29,68,95,506

2.12 Other income

In ₹

Particulars	Years ended December 31	
	2018	2017
Exchange gain/(loss) of assets and liabilities	(46,533)	42,266
Total other income	(46,533)	42,266

2.13 Expenses

In ₹

Particulars	Years ended December 31,	
	2018	2017
Employee benefit expenses		
Salaries including bonus	5,53,59,515	7,01,28,226
Staff welfare	2,60,929	1,63,412
Total employee benefit expenses	5,56,20,444	7,02,91,638

In ₹

Particulars	Years ended December 31,	
	2018	2017
Other expenses		
Repairs and maintenance	15,057	1,27,604
Brand and marketing	24,84,321	59,58,292
Operating lease payments	23,48,365	17,82,304
Rates and taxes	9,644	21,646
Insurance	2,10,704	2,23,770
Commission charges	3,11,89,791	7,04,90,102
Others	3,59,783	4,05,990
Total other expenses	3,66,17,665	7,90,09,708

2.14 Financial instruments

Financial instruments by category

The carrying value of financial instruments as of December 31, 2018 and December 31, 2017 were as follows:

In ₹

Particulars	Carrying value as on December 31,	
	2018	2017
Assets:		
Cash and cash equivalents (Refer to Note 2.3)	2,72,35,711	4,96,96,623
Trade receivables (Refer to Note 2.2)	53,50,39,215	51,51,28,238
Other financial assets (Refer to Note 2.4)	13,26,61,378	5,36,92,053
Total	69,49,36,304	61,85,16,914
Liabilities:		
Trade payables (Refer to Note 2.7)	56,40,55,168	41,92,13,323
Other financial liabilities (Refer to Note 2.8)	70,16,937	1,11,55,484
Total	57,10,72,105	43,03,68,807

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 ₹535,039,215 and ₹515,128,238 as of December 31, 2018 and December 31, 2017, 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, 2018 and December 31, 2017, the Company had cash and cash equivalents of ₹27,235,711 and ₹49,696,623 respectively.

The Company has no outstanding borrowings and no liquidity risk is perceived.

2.15 Related party transactions

List of related parties

Name of the holding company	Country	Holding as at December 31,	
		2018	2017
Panaya Inc.	US	100%	100%

Ultimate holding company

Name of the ultimate holding company	Country
Infosys Limited	India

List of fellow subsidiaries

Name of the subsidiary companies	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)	U.S.
EdgeVerve Systems Limited (EdgeVerve)	India

Name of the subsidiary companies	Country
Infosys Austria GmbH[1] (formerly Lodestone Management Consultants GmbH)	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	U.S.
Infosys Chile SpA[2]	Chile
Infosys Arabia Limited[3]	Saudi Arabia
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) [3]	Brazil
Infosys CIS LLC[1][22]	Russia
Infosys Luxembourg S.a.r.l [1][17]	Luxembourg
Infosys Americas Inc., (Infosys Americas)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)[4]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.
Infosys Canada Public Services Inc[23]	Canada
Infosys Canada Public Services Ltd[24]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited 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]	U.S.
Portland Group Pty Ltd[5]	Australia
Infosys BPO Americas LLC.[5]	U.S.
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland
Lodestone Management Consultants Inc.[6][15]	U.S.
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 Co., Ltd.[6]	China
Infy Consulting Company Ltd (formerly Lodestone Management Consultants Ltd.) [6]	U.K.
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
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)[7]	Belgium
Panaya Ltd.[8]	Israel
Panaya Japan Co. Ltd[4][8]	Japan
Noah Consulting LLC (Noah)[9]	U.S.
Noah Information Management Consulting Inc. (Noah Canada)[10]	Canada
Brilliant Basics Holdings Limited (Brilliant Basics)[11]	U.K.
Brilliant Basics Limited[12]	U.K.
Brilliant Basics (MENA) DMCC[12]	Dubai
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[13]	Dubai
Fluido Oy[13][18]	Finland
Fluido Sweden AB (Extero)[19]	Sweden
Fluido Norway A/S[19]	Norway
Fluido Denmark A/S[19]	Denmark
Fluido Slovakia s.r.o[19]	Slovakia
Fluido Newco AB[19]	Sweden
Infosys Compaz PTE. Ltd (formerly Trusted Source Pte. Ltd) [13][20]	Singapore
Infosys South Africa (Pty) Ltd[13][21]	South Africa
WongDoody Holding Company Inc. (WongDoody) [14]	U.S.
WDW Communications, Inc[16]	U.S.
WongDoody, Inc[16]	U.S.

[1] Wholly-owned subsidiary of Infosys Limited

[2] Incorporated effective November 20, 2017

[3] Majority-owned and controlled subsidiary of Infosys Limited

[4] Under liquidation

(5) Wholly-owned subsidiary of Infosys BPM
(6) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(8) Wholly-owned subsidiary of Panaya Inc.
(9) Liquidated effective November 9, 2017
(10) Wholly-owned subsidiary of Noah. Liquidated effective December 20, 2017
(11) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holding Limited
(12) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(13) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(14) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
(15) Liquidated effective May 17, 2018
(16) Wholly-owned subsidiary of WongDoody
(17) Incorporated effective August 6, 2018
(18) On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
(19) Wholly-owned subsidiary of Fluido Oy
(20) On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
(21) Incorporated effective December 19,2018
(22) Incorporated effective November 29, 2018
(23) Incorporated effective November 27, 2018, wholly-owned subsidiary Infosys Public Services Inc
(24) Liquidated effective May 9, 2017, wholly-owned subsidiary Infosys Public Services Inc

Associate

DWA Nova LLC has been liquidated w.e.f November 17, 2017.

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

In ₹

Particulars	As at December 31,	
	2018	2017
Trade receivables		
Panaya Ltd	53,07,55,750	40,33,48,704
	53,07,55,750	40,33,48,704
Other financial assets		
Panaya Ltd	13,19,86,818	4,77,79,647
	13,19,86,818	4,77,79,647
Trade payables		
Panaya Ltd.	56,36,77,573	41,87,01,106
	56,36,77,573	41,87,01,106

The details of the related parties transactions entered into by the Company, for the year ended December 31, 2018 and December 31, 2017 are as follows:

In ₹

Particulars	As at December 31,	
	2018	2017
Revenue transactions		
Purchase of services		
Panaya Ltd.	12,84,60,523	12,08,16,329
	12,84,60,523	12,08,16,329
Sale of services		
Panaya Ltd	11,05,88,294	17,65,22,793
	11,05,88,294	17,65,22,793

2.16 Segment-reporting

The Company is engaged in developing and marketing solutions in a single geography. Based on the management approach, as defined in Ind AS 108 - Segment Reporting, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on analysis of performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108 - Segment-reporting.

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Panaya Japan Co. Ltd.

Independent Auditor's Report

To the Members of Panaya Japan Co. Ltd.

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Panaya Japan Co. Ltd. ('the Company'), which comprises the Balance Sheet as at December 31, 2018, 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 notes to the financial statement including a summary of significant accounting policies and other explanatory information (herein after referred to as 'Ind AS financial statements').

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, 2018 and its financial performance including other comprehensive income, its cash flows, and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's 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 issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the Code of Ethics.

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.

Other Matters

The company is currently under liquidation. The financials statements of the Company have not been prepared on a going concern basis. However. the financial statement has been prepared on liquidation basis. Assets and liabilities are presented as current. Assets have been recorded at their realisable value and liabilities recorded at their known estimate settlement value.

Responsibilities of Management's and those Charged with Governance for the Financial Statement

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

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.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objective 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

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 there under.

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

M. Rathnakar Kamath
Membership number: 202841

Bengaluru
January 8, 2019

Balance Sheet

In ₹

Particulars	Note no.	As at December 31, 2018	As at December 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	–	–
Total non-current assets		–	–
Current assets			
Financial assets			
Trade receivables	2.2	14,75,80,980	13,69,24,964
Cash and cash equivalents	2.3	1,27,35,376	85,58,985
Other current assets	2.4	5,074	3,99,086
Total current assets		16,03,21,430	14,58,83,035
Total Assets		16,03,21,430	14,58,83,035
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.5	29,43,000	29,43,000
Other equity		(1,97,18,054)	(1,54,89,105)
Total equity		(1,67,75,054)	(1,25,46,105)
LIABILITIES			
Current liabilities			
Financial liabilities			
Other financial liabilities	2.6	17,70,96,484	15,83,71,749
Income tax liabilities, net	2.7	–	57,391
Total current liabilities		17,70,96,484	15,84,29,140
Total equity and liabilities		16,03,21,430	14,58,83,035

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

As per our report of even date attached.
for Shenoy & Kamath
Chartered Accountants
Firm's registration number: 006673S

for and on behalf of Board of Directors of Panaya Japan Co. Ltd.

M. Rathnakar Kamath
Partner
Membership number: 202841

Adi Keinan
Director

Deepak Padaki
Director

Bengaluru
January 8, 2019

Statement of Profit and Loss

In ₹

Particulars	Note no.	Years ended December 31, 2018	Years ended December 31, 2017
Revenue from operations	2.8	(53,18,551)	3,79,57,804
Other income, net	2.9	26,03,014	38,25,004
Total income		(27,15,537)	4,17,82,808
Expenses			
Travel expenses		–	7,40,510
Marketing expenses		–	20,94,232
Consultancy and professional charges		1,15,414	2,51,67,711
Depreciation	2.1	–	1,52,675
Other expenses	2.10	13,308	1,20,59,704
Total expenses		1,28,722	4,02,14,832
Profit/ (loss) before tax		(28,44,259)	15,67,976
Tax expense:			
Current tax	2.7	(76,262)	4,89,073
Profit/ (loss) for the year		(27,67,997)	10,78,903
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		(14,60,951)	5,63,973
Total other comprehensive income/ (loss), net of tax		(14,60,951)	5,63,973
Total comprehensive income/ (loss) for the year		(42,28,948)	16,42,876

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

As per our report of even date attached.

for Shenoy & Kamath
Chartered Accountants

Firm's registration number: 006673S

for and on behalf of Board of Directors of Panaya Japan Co. Ltd.

M. Rathnakar Kamath
Partner

Membership number: 202841

Adi Keinan
Director

Deepak Padaki
Director

Bengaluru
January 8, 2019

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, 2017	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
Exchange differences on 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)
Changes in equity for the year ended December 31, 2018					
Profit/ (loss) for the year	–	–	(27,67,997)	–	(27,67,997)
Exchange differences on translation	–	–	–	(14,60,951)	(14,60,951)
Balance as of December 31, 2018	29,43,000	1,44,632	(1,91,95,302)	(6,67,384)	(1,67,75,054)

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

As per our report of even date attached.

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

for and on behalf of Board of Directors of Panaya Japan Co. Ltd.

M. Rathnakar Kamath
Partner
Membership number: 202841

Adi Keinan
Director

Deepak Padaki
Director

Bengaluru
January 8, 2019

Statement of Cash Flows

In ₹

Particulars	Years ended December 31,	
	2018	2017
Cash flow from operating activities		
Profit for the year	(27,67,997)	10,78,903
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	–	1,52,675
Income tax expense	(76,262)	4,89,073
Interest and dividend income	(4,983)	(43)
Other adjustments	40,168	(4,92,492)
Loss on sales of fixed assets	–	1,89,893
Exchange differences on translation of assets and liabilities	(14,60,951)	5,63,973
Changes in assets and liabilities		
Trade receivables	(1,06,56,016)	(3,48,61,917)
Other financial assets and other assets	3,94,012	11,91,226
Trade payables	–	(2,90,550)
Other financial liabilities, other liabilities	1,87,24,735	3,64,66,972
Cash generated from operations	41,92,706	44,87,713
Income taxes paid	(21,298)	(2,72,164)
Net cash generated by/ (used in) operating activities	41,71,408	42,15,549
Cash flow from investing activities		
Expenditure on property, plant and equipment		4,038
Interest received on investments	4,983	43
Net cash from/ (used in) investing activities	4,983	4,081
Cash flow from financing activities	–	–
Net cash from/ (used in) financing activities	–	–
Net decrease in cash and cash equivalents	41,76,391	42,19,630
Cash and cash equivalents at the beginning of the year	85,58,985	43,39,355
Cash and cash equivalents at the end of the year	1,27,35,376	85,58,985

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 8, 2019

for and on behalf of Board of Directors of Panaya Japan Co. Ltd.

Adi Keinan
Director

Deepak Padaki
Director

Significant Accounting Policies

Company overview

Panaya Japan Co. Ltd. ('Panaya Japan' or 'the Company') is a wholly-owned subsidiary of Panaya Inc., USA. The Company develops and markets solutions for ERP systems by identifying the changes on the ERP system through automated analysis.

1. Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. 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.

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.

Panaya Japan is currently under liquidation. Accordingly these financial statements have not been prepared on a going concern basis. Instead, these financial statements have been prepared on liquidation basis. Assets and liabilities are presented as current. Assets have been recorded at their realizable value and liabilities recorded at their known estimated settlement value.

1.3 Presentation currency

The Company's presentation currency is 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 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.

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 amortised 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 Foreign currency

Functional currency

The functional currency of the Company is the Japanese Yen. These financial statements are presented in the Indian Rupee.

Transactions and translations

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

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

1.12 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 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.

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

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 or loss on translation of other assets and liabilities.

1.15 Leases

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

1.16 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 financial periods beginning on or after 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
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

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

The Company will adopt the standard on January 1, 2019 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended December 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 December 31, 2018:

In ₹

Particulars	Computer equipment (2)	Total
Gross carrying value as of January 1, 2018	–	–
Additions/ adjustments	–	–
Deletions/ adjustments	–	–
Translation differences	–	–
Gross carrying value as of December 31, 2018	–	–
Accumulated depreciation as of January 1, 2018	–	–
Depreciation	–	–
Accumulated depreciation on deletions	–	–
Translation differences	–	–
Accumulated depreciation as of December 31, 2018	–	–
Carrying value as of December 31, 2018	–	–
Carrying value as of January 1, 2018	–	–

The changes in the carrying values of property, plant and equipment for the year ended December 31 are as follows:

Particulars	Computer equipment	Total
Gross carrying value as of January 1, 2017	5,04,372	5,04,372
Additions/ adjustments	–	–
Deletions/ adjustments	(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

2.2 Trade receivables

In ₹

Particulars	As at December 31,	
	2018	2017
Current		
Unsecured		
Considered good[(1)]	14,75,80,980	13,69,24,964
Total trade receivables	14,75,80,980	13,69,24,964
[(1)] Includes dues from related parties (Refer to Note 2.12)	14,75,80,980	13,69,24,964

2.3 Cash and cash equivalents

In ₹

Particulars	As at December 31,	
	2018	2017
Balances with banks		
In current account	1,27,35,376	85,58,985
Total cash and cash equivalents	1,27,35,376	85,58,985

2.4 Other assets

In ₹

Particulars	As at December 31,	
	2018	2017
Current		
Withholding taxes and others	5,074	3,99,086
Total current other assets	5,074	3,99,086

2.5 Equity

In ₹

Particulars	As at December 31,	
	2018	2017
Authorized	29,43,000	29,43,000
Issued, subscribed and paid-up (wholly-owned by Panaya Inc.)	29,43,000	29,43,000
Total equity share capital	29,43,000	29,43,000

2.6 Other financial liablities

In ₹

Particulars	As at December 31,	
	2018	2017
Current		
Other payables [(1)]	17,70,96,484	15,83,71,749
Total current other financial liabilities	17,70,96,484	15,83,71,749
Financial liability carried at amortized cost	17,70,96,484	15,83,71,749
[(1)] Includes dues to related parties (Refer to Note 2.12)	17,70,96,484	15,83,71,749

2.7 Income taxes

Income tax expense in the statement of profit and loss comprises:

In ₹

Particulars	As at December 31,	
	2018	2017
Current taxes	(76,262)	4,89,073
Income tax expense	(76,262)	4,89,073

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,	
	2018	2017
Profit before income taxes	(28,44,259)	15,67,976
Enacted tax rates in Japan	50.00%	50.00%
Computed expected tax expense	(14,22,130)	7,83,988
Tax reversals	–	–
Effect of unrecognized deferred tax assets	16,39,612	(5,09,592)
Tax provisions	(2,93,744)	1,68,237
Others	–	46,440
Income tax expense	(76,262)	4,89,073

Income tax expense for the year ended December 31, 2018 includes reversal (net of provisions) of ₹2,93,744 and for the year ended December 31, 2017 includes provision (net of reversal) of ₹1,68,237. These reversals pertain to prior periods on account of adjudication of certain disputed matters in favor of the company.

The applicable statutory tax rate in Japan for the year ending December 31, 2018 and December 31, 2017 is 50%.

The details of income tax assets and income tax liabilities:

In ₹

Particulars	As at December 31,	
	2018	2017
Current income tax assets	2,93,744	–
Current income tax liabilities	2,93,744	57,391
Net current income tax assets/ (liability) at the end	–	(57,391)

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

In ₹

Particulars	As at December 31,	
	2018	2017
Net current income tax asset/ (liability) at the beginning	(57,391)	(3,32,974)
Income tax paid	21,298	2,72,164
Current income tax expense	76,262	(4,89,073)
Translation difference	(40,168)	4,92,492
Net current income tax asset/ (liability) at the end	-	(57,391)

2.8 Revenue from operations

In ₹

Particulars	Years ended December 31,	
	2018	2017
Revenue from software services	(53,18,551)	3,79,57,804
Total revenue from operations	(53,18,551)	3,79,57,804

2.9 Other income

In ₹

Particulars	Years ended December 31,	
	2018	2017
Interest received on financial assets		
Deposit with bank and others	4,983	43
Miscellanous income, net	25,98,031	38,24,961
Total other income	26,03,014	38,25,004

2.10 Expenses

In ₹

Particulars	Years ended December 31,	
	2018	2017
Other expenses		
Repairs and maintenance	–	1,97,232
Communication expenses	–	3,940
Operating lease payments	–	7,23,751
Commission charges	–	1,07,83,193
Loss on sale of assets	–	1,89,893
Others	13,308	1,61,695
Total other expenses	13,308	1,20,59,704

2.11 Financial instruments

The carrying value of financial instruments are as follows:

In ₹

Particulars	Carrying value as on December 31,	
	2018	2017
Assets		
Cash and cash equivalents (Refer to Note 2.3)	1,27,35,376	85,58,985
Trade receivables (Refer to Note 2.2)	14,75,80,980	13,69,24,964
Total	16,03,16,356	14,54,83,949
Liabilities		
Other financial liabilities (Refer to Note 2.6)	17,70,96,484	15,83,71,749
Total	17,70,96,484	15,83,71,749

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 ₹14,75,80,980 and ₹13,69,24,964 as of December 31, 2018 and December 31, 2017, respectively.

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, 2018 and December 31, 2017, the Company had cash and cash equivalents of ₹1,27,35,376 and ₹85,58,985, respectively.

As of December 31, 2018 and December 31, 2017, the Company had no outstanding borrowings. Accordingly, no liquidity risk is perceived.

2.12 Related party transactions

List of related parties

Name of holding company	Country	Holding as at December 31,	
		2018	2017
Panaya Inc.	U.S.	100%	100%

Ultimate holding company

Name of ultimate holding company	Country
Infosys Limited	India

List of fellow subsidiaries

Name of subsidiary companies	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)	U.S.
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH(1) (formerly Lodestone Management Consultants GmbH)	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	U.S.
Infosys Chile SpA(2)	Chile
Infosys Arabia Limited(3)	Saudi Arabia
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) (3)	Brazil
Infosys CIS LLC(1)(22)	Russia
Infosys Luxembourg S.a.r.l (1)(17)	Luxembourg
Infosys Americas Inc., (Infosys Americas)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)(4)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.
Infosys Canada Public Services Inc(23)	Canada
Infosys Canada Public Services Ltd(24)	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited 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)	U.S.
Portland Group Pty Ltd(5)	Australia
Infosys BPO Americas LLC.(5)	U.S.
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland
Lodestone Management Consultants Inc.(6)(15)	U.S.
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 Co., Ltd.(6)	China
Infy Consulting Company Ltd (formerly Lodestone Management Consultants Ltd.) (6)	U.K.
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 subsidiary companies	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
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)[7]	Belgium
Panaya Ltd.[8]	Israel
Panaya GmbH[8]	Germany
Noah Consulting LLC (Noah)[9]	U.S.
Noah Information Management Consulting Inc. (Noah Canada)[10]	Canada
Brilliant Basics Holdings Limited (Brilliant Basics)[11]	U.K.
Brilliant Basics Limited[12]	U.K.
Brilliant Basics (MENA) DMCC[12]	UAE
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[13]	UAE
Fluido Oy[13][18]	Finland
Fluido Sweden AB (Extero)[19]	Sweden
Fluido Norway A/S[19]	Norway
Fluido Denmark A/S[19]	Denmark
Fluido Slovakia s.r.o[19]	Slovakia
Fluido Newco AB[19]	Sweden
Infosys Compaz PTE. Ltd (formerly Trusted Source Pte. Ltd) [13][20]	Singapore
Infosys South Africa (Pty) Ltd[13][21]	South Africa
WongDoody Holding Company Inc. (WongDoody) [14]	U.S.
WDW Communications, Inc[16]	U.S.
WongDoody, Inc[16]	U.S.

[1]Wholly-owned subsidiary of Infosys Limited
[2]Incorporated effective November 20, 2017
[3]Majority-owned and controlled subsidiary of Infosys Limited
[4]Under liquidation
[5]Wholly-owned subsidiary of Infosys BPM
[6]Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
[7]Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
[8]Wholly-owned subsidiary of Panaya Inc.
[9]Liquidated effective November 9, 2017
[10]Wholly-owned subsidiary of Noah. Liquidated effective December 20, 2017
[11]On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holding Limited
[12]Wholly-owned subsidiary of Brilliant Basics Holding Limited.
[13]Wholly-owned subsidiary of Infosys Consulting Pte Ltd
[14]On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
[15]Liquidated effective May 17, 2018
[16]Wholly-owned subsidiary of WongDoody
[17]Incorporated effective August 6, 2018
[18]On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
[19]Wholly-owned subsidiary of Fluido Oy
[20]On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
[21]Incorporated effective December 19,2018
[22]Incorporated effective November 29, 2018
(23)Incorporated effective November 27, 2018, wholly-owned subsidiary Infosys Public Services Inc
[24]Liquidated effective May 9, 2017, wholly-owned subsidiary Infosys Public Services Inc

Associate

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,	
	2018	2017
Trade receivables		
Panaya Ltd	14,75,80,980	13,69,24,964
	14,75,80,980	13,69,24,964
Other financial liabilities		
Panaya Ltd.	17,70,96,484	15,83,71,749
	17,70,96,484	15,83,71,749

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

In ₹

Particulars	As at December 31,	
	2018	2017
Revenue transactions		
Sale of services		
Panaya Ltd	(53,18,551)	3,79,57,804
	(53,18,551)	3,79,57,804

2.13 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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Brilliant Basics Holdings Limited

Company Information

Directors	Anand Kumar Verma R. K. Singisetti S. A. Sorokin
Registered number	09767352
Registered office	Wework 1, Mark Square London EC2A 4EG
Independent auditor	Blick Rothenberg Audit LLP 16, Great Queen Street Covent Garden London WC2B 5AH

Directors' Report

The directors present their report and the financial statements for the year ended March 31, 2019.

Directors

The directors who served during the year were:

Anand Kumar Verma

R. K. Singisetti

S. A. Sorokin

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Small companies exemptions

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act, 2006.

This report was approved by the Board and signed on its behalf.

Anand Kumar Verma
Director

May 21, 2019

Directors' Responsibilities Statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company Law requires the directors to prepare financial statements for each financial year. Under that law, the directors have 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'. Under Company law the directors must not approve the financial statements unless they are 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 directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are 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 them to ensure that the financial statements comply with the Companies Act, 2006. They are 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 Auditor's Report

To the Members of Brilliant Basics Holdings Limited

Opinion

We have audited the financial statements of Brilliant Basics Holdings Limited (the 'Company') for the year ended March 31, 2019, which comprise the profit and loss account, the Balance Sheet, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at March 31, 2019 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 auditor's 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 auditor's 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 on page 660, 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.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 auditor's 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

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

May 21, 2019

Profit and Loss Account

in £

Particulars	Note no.	Year ended March 31, 2019	Period ended March 31, 2018
Administrative expenses		(15,837)	(13,118)
Operating loss	3	(15,837)	(13,118)
Income from other fixed asset investments		-	7,499
Interest payable and similar expenses	5	(105,765)	(19,101)
Loss before taxation		(121,602)	(24,720)
Tax on loss	6	-	-
Loss for the financial year/ period		(121,602)	(24,720)

There are no items of other comprehensive income for either the year or the prior period other than the loss for the year/ period. Accordingly, no Statement of Other Comprehensive income has been presented.

Balance Sheet

in £

Particulars	Note no.	As at 31, March			
			2019		2018
Fixed assets					
Investments	7		2		2
Current assets					
Debtors: amounts falling due within one year	8	1,992,147		1,300,147	
Cash at bank and in hand	9	955,455		204,401	
		2,947,602		1,504,548	
Creditors: amounts falling due within one year	10	(1,590,176)		(1,525,520)	
Net current assets/ (liabilities)			1,357,426		(20,972)
Net assets/ (liabilities)			1,357,428		(20,970)
Capital and reserves					
Called up share capital	11		7		6
Share premium account	12		1,503,743		3,744
Profit and loss account	12		(146,322)		(24,720)
Total equity			1,357,428		(20,970)

The financial statements were approved and authorized for issue by the Board and were signed on its behalf by:

Anand Kumar Verma
Director

May 21, 2019

The notes on pages 666 to 669 form part of these financial statements.

Statement of Changes in Equity

in £

Particulars	Called-up share capital	Share premium account	Profit and loss account	Total equity
At January 1, 2017	5	3,744	-	3,749
Comprehensive income for the period				
Loss for the financial period	-	-	(24,720)	(24,720)
Total comprehensive income for the period	-	-	(24,720)	(24,720)
Shares issued during the financial period	1	-	-	1
Total transactions with owners	1	-	-	1
At April 1, 2018	6	3,744	(24,720)	(20,970)
Comprehensive income for the year				
Loss for the financial year	-	-	(121,602)	(121,602)
Total comprehensive income for the year	-	-	(121,602)	(121,602)
Shares issued during the financial year	1	1,499,999	-	1,500,000
Total transactions with owners	1	1,499,999	-	1,500,000
At March 31, 2019	7	1,503,743	(146,322)	1,357,428

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 registered office and principal place of business is Wework, 1 Mark Square, London, EC2A 4EG.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

These 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 Republic of Ireland ("FRS 102") and the Companies Act, 2006.

The Company was, at the year end, a wholly-owned subsidiary of Infosys Limited, a Company incorporated in India, whose registered address is Electronics City, Hosur Road, Bengaluru 560 100, India. In accordance with the exemption given in Section 400 of the Companies Act, 2006, the Company is not required to produce, and has not published, consolidated accounts.

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 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) (disclosure relating to financial instruments);
- Section 33 Related Party Disclosures paragraph 33.7 (disclosures of key management personnel compensation).

The Company has included in the consolidated financial statements of Infosys Limited for the year ended March 31, 2019 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 directors have 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, they continue to adopt the going concern basis in preparing the financial statements.

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 set out below.

Financial assets

Basic financial assets, including 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 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.

2.5 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 Foreign currency translation

Functional and presentational 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 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'.

2.8 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.

2.9 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.

3. Operating loss

The operating loss is stated after charging:

in £

Particulars	Year ended March 31, 2019	Period ended March 31, 2018
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	2,400	2,000
Taxation compliance services	4,000	-

4. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2018 £NIL).

5. Interest payable and similar expenses

in £

Particulars	Year ended March 31, 2019	Period ended March 31, 2018
Loans from group undertakings	47,976	17,241
Foreign exchange losses	57,789	1,860
	105,765	19,101

6. Taxation

in £

Particulars	Year ended March 31, 2019	Period ended March 31, 2018
Total current tax	-	-

Factors affecting tax charge for the year/ period

The tax assessed for the year/ period is higher than (2018 higher than) the standard rate of corporation tax in the UK of 19% (2018 19.25%). The differences are explained as follows:

in £

Particulars	Year ended March 31, 2019	Period ended March 31, 2018
Loss before taxation	(121,602)	(24,720)
Loss multiplied by standard rate of corporation tax in the UK of 19% (2018 19.25%)	(23,104)	(4,759)
Effects of:		
Losses carried forward	21,679	4,759
Expenses not deductible for tax purposes	1,425	-
Total tax charge for the financial year/ period	-	-

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.

7. Fixed asset investments

in £

Particulars	Investments in subsidiary companies
Cost	
At 1 April 2018 and March 31, 2019	2
Net book value	
At March 31, 2019 and 31 March 2018	2

Subsidiary undertakings

The subsidiary undertakings of the Company are as follows:

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

The registered office of Brilliant Basics Limited is Wework, 1 Mark Square, London, EC2A 4EG.

The registered office of Brilliant Basics MENA is Unit 863, DMCC Business Centre, Level 1, Jewellery & Gemplex Centre, Dubai, United Arab Emirates.

8. Debtors

in £

Particulars	As at March 31, 2019	As at March 31, 2018
Amounts owed by group undertakings	1,992,144	1,300,144
Other debtors	3	3
	1,992,147	1,300,147

Amounts owed by group undertakings are interest free, have no fixed repayment date and are repayable on demand.

9. Cash and cash equivalents

in £

Particulars	As at March 31, 2019	As at March 31, 2018
Cash at bank and in hand	955,455	204,401

10. Creditors: Amounts falling due within one year

in £

Particulars	As at March 31, 2019	As at March 31, 2018
Trade creditors	9,300	-
Amounts owed to group undertakings	1,574,876	1,523,520
Accruals and deferred income	6,000	2,000
	1,590,176	1,525,520

Amounts owed to group undertakings attract an annual interest rate of between 2.5% and 3.5%, have no fixed repayment dates and are repayable on demand.

11.Share capital

in £

Particulars	As at March 31, 2019	As at March 31, 2018
Allotted, called-up and fully paid		
1,346 (2018:1,170) Ordinary shares of £0.005 each	7	6

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

In order to strengthen its capital structure, on 28 September 2018, the Company issued 176 Ordinary shares, £0.005 each for a consideration of £1,500,000

12. 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.

13. 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.

14. Ultimate parent undertaking and controlling party

The parent undertaking of the smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Infosys Limited, whose registered office is Electronics City, Hosur Road, Bangaloe, 560 100, Karnataka, India. Group financial statements are available from www.infosys.com. The ultimate parent undertaking is Infosys Limited, a Company incorporated in India.

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

Detailed Profit and Loss Account

in £

Particulars	Year ended March 31, 2019	Period ended March 31, 2018
Administration expenses	(15,837)	(13,118)
Operating loss	(15,837)	(13,118)
Interest payable and similar charges	(105,765)	(19,101)
Investment income	-	7,499
Loss for the financial year/ period	(121,602)	(24,720)

in £

Particulars	Year ended March 31, 2019	Period ended March 31, 2018
Administration expenses		
Legal and professional	13,300	11,000
Auditor's remuneration	2,400	2,000
Bank charges	137	118
	15,837	13,118

in £

Particulars	Year ended March 31, 2019	Period ended March 31, 2018
Interest payable		
Group interest payable	47,976	17,241
Foreign exchange losses	57,789	1,860
	105,765	19,101

in £

Particulars	Year ended March 31, 2019	Period ended March 31, 2018
Investment income		
Income from fixed asset investments	-	7,499

Brilliant Basics Ltd.

Company Information

Directors	Anand Kumar Verma R K Singisetti S A Sorokin
Registered number	08011232
Registered office	Wework 1 Mark Square London EC2A 4EG
Independent auditor	Blick Rothenberg Audit LLP 16 Great Queen Street Covent Garden London WC2B 5AH

Directors' Report

The directors present their report and the financial statements for the year ended March 31, 2019.

Directors

The directors who served during the year were:

Anand Kumar Verma

R K Singisetti

S A Sorokin

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Small companies exemptions

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Anand Kumar Verma
Director

May 21, 2019

Directors' Responsibilities Statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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'. Under Company Law, the directors must not approve the financial statements unless they are 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 directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are 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 them to ensure that the financial statements comply with the Companies Act, 2006. They are 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 Auditor's Report

To the Members of Brilliant Basics Ltd.

Opinion

We have audited the financial statements of Brilliant Basics Ltd (the 'Company') for the year ended March 31, 2019, which comprise the profit and loss account, the balance sheet, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at March 31, 2019 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 auditor's 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 authorised 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 auditor's 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 on page 674, 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 auditor's 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

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

May 21, 2019

Profit and Loss Account

In £

Particulars	Note	For the years ended March 31,	
		2019	2018
Turnover	3	9,836,927	6,219,596
Cost of sales		(5,848,608)	(4,330,407)
Gross profit		3,988,319	1,889,189
Administrative expenses		(3,797,675)	(2,635,219)
Other operating income		–	16,272
Operating profit/(loss)	4	190,644	(729,758)
Income from other fixed asset investments		–	14,390
Interest payable and similar expenses	7	(10,232)	(20,806)
Profit/(loss) before taxation		180,412	(736,174)
Tax on profit/(loss)	8	290,187	27,210
Profit/(loss) for the financial year		470,599	(708,964)

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

Balance Sheet

In £

Particulars	Note	As at March 31,			
		2019		2018	
Fixed assets					
Tangible assets	9		121,975		81,996
Current assets					
Debtors: amounts falling due within one year	10	2,076,350		1,702,425	
Cash at bank and in hand	11	763,181		681,238	
		2,839,531		2,383,663	
Creditors: amounts falling due within one year	12	(3,137,426)		(3,112,178)	
Net current liabilities			(297,895)		(728,515)
Net liabilities			(175,920)		(646,519)
Capital and reserves					
Called up share capital	13		100		100
Profit and loss account	14		(176,020)		(646,619)
Shareholders' deficit			(175,920)		(646,519)

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Anand Kumar Verma

Director

May 21, 2019

The notes on pages 680 to 685 form part of these financial statements.

Statement of Changes in Equity

In £

Particulars	Called up share capital	Profit and loss account	Total equity
At 1 April 2017	100	62,345	62,445
Comprehensive income for the year			
Loss for the financial year	–	(708,964)	(708,964)
At 1 April 2018	100	(646,619)	(646,519)
Comprehensive income for the year			
Profit for the financial year	–	470,599	470,599
At March 31, 2019	100	(176,020)	(175,920)

1. General information

The principal activity of Brilliant Basics Ltd 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 registered office and principal place of business is Wework, 1 Mark Square, London, EC2A 4EG.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

These 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 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 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) (disclosures 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, 2019 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 £175,920 at the end of the year and had incurred a profit of £470,599 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 has received a letter of support from its immediate parent undertaking, Brilliant Basics Holdings Limited, confirming its intention to provide continued financial support to the Company for the foreseeable future being a period of 12 months following the approval of these 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 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

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 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, using the straight line method.

Depreciation is provided on the following basis:

Particulars	Useful lives
Short term leasehold property improvement	over the term of the lease
Plant and machinery	5 years
Fixtures and fittings	5 years
Office equipment	5 years
Computer equipment	3-5 years

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 recognised 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 recognised 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 and intercompany financing, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

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

Financial liabilities

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

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

Impairment of financial assets.

Financial assets measured at cost and amortised 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 recognised 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 amortised 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 recognised, 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 recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised 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 derecognised 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 recognised amounts and there is an intention to settle on a net basis or to realise 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 presentational currency

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

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account 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' and 'interest payable and similar charges'. 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 recognised as a reduction in the proceeds of the associated capital instrument.

2.10 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 recognised 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.

2.11 Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

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

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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 recognised in the financial statements.

Deferred tax balances are recognised 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 recognised 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	For the years ended March 31,	
	2019	2018
Provision of consultancy services	9,836,927	6,219,596

Analysis of turnover by country of destination:

In £

Particulars	For the years ended March 31,	
	2019	2018
United Kingdom	815,833	3,475,282
Rest of the world	9,021,094	2,744,314
	9,836,927	6,219,596

4. Operating profit/ (loss)

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

In £

Particulars	For the years ended March 31, 2019	2018
Depreciation of tangible fixed assets	64,663	13,567
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	12,000	11,000
Fees payable to the Company's auditors for other services to the Company		
Taxation compliance services	5,000	–
Exchange differences	(18,973)	63,665
Other operating lease rentals	494,031	131,824
Defined contribution pension cost	89,924	18,932

5. Employees

In £

Particulars	For the years ended March 31, 2019	2018
Wages and salaries	4,701,632	2,862,237
Employer's national insurance	531,824	349,949
Employer pension costs	89,924	18,932
	5,323,380	3,231,118

The average monthly number of employees, including the directors, was as follows:

Particulars	For the years ended March 31, 2019	2018
	No.	No.
Employees	65	36

6. Directors' remuneration

In £

Particulars	For the years ended March 31, 2019	2018
Directors' emoluments	372,710	257,441
Company contributions to defined contribution pension schemes	6,100	1,621
	378,810	259,062

During the year retirement benefits were accruing to one director (2018: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £372,710 (2018: £257,441).

During the year one director received share options (2018: Nil).

7. Interest payable and similar expenses

In £

Particulars	For the years ended March 31, 2019	2018
Bank interest payable	4,089	11,798
Other interest payable	6,143	9,008
	10,232	20,806

8. Taxation

In £

Particulars	For the years ended March 31, 2019	2018
Corporation tax		
Current tax on profit/ (loss) for the financial year	-	(27,210)
Total current tax	–	(27,210)
Deferred tax		
Origination and reversal of timing differences	(5,872)	–
Losses carried forward	(284,315)	–
Total deferred tax	(290,187)	–
Tax on (loss)/profit	(290,187)	(27,210)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 higher than) the standard rate of corporation tax in the UK of19% (2018- 19.25%). The differences are explained below:

In £

Particulars	For the years ended March 31, 2019	2018
Profit/(loss) before tax	180,412	(736,174)
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2018 19.25%)	34,278	(141,713)
Effects of:		
Expenses not deductible for tax purposes	8,051	8,178
Deferred tax liability not recognised	–	2,612
Utilisation of tax losses	(33,270)	–
Recognition of deferred tax asset	(299,246)	–
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	–	(27,210)
Capital gains	–	2,672
Tax losses carried forward	–	128,251
Total tax charge for the year	(290,187)	(27,210)

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.

9. Tangible fixed assets

In £

Particulars	Short term leasehold property improvements	Plant and machinery	Fixtures and fittings	Office equipment	Computer equipment	Total
	£	£	£	£	£	£
Cost						
At 1 April 2018	–	27,082	49,536	55,167	–	131,785
Additions	–	–	652	3,785	100,205	104,642
Transfers between classes	17,938	(27,082)	(7,217)	(51,302)	67,663	–
At March 31, 2019	17,938	–	42,971	7,650	167,868	236,427
Depreciation						
At 1 April 2018	–	12,677	26,366	10,746	–	49,789
Charge for the year	4,267	–	16,411	1,221	42,764	64,663
Transfers between classes	5,580	(12,677)	(1,565)	(9,574)	18,236	–
At March 31, 2019	9,847	–	41,212	2,393	61,000	114,452
Net book value						
At March 31, 2019	8,091	–	1,759	5,257	106,868	121,975
At March 31, 2018	–	14,405	23,170	44,421	–	81,996

10. Debtors

In £

Particulars	As at March 31,	
	2019	2018
Trade debtors	312,048	533,211
Amounts owed by group undertakings	822,374	685,670
Other debtors	390,770	224,216
Prepayments and accrued income	260,971	259,328
Deferred taxation	290,187	–
	2,076,350	1,702,425

Amounts owed by group undertakings are interest free and are repayable on demand.

11. Cash and cash equivalents

In £

Particulars	As at March 31,	
	2019	2018
Cash at bank and in hand	763,181	681,238

12. Creditors: amounts falling due within one year

In £

Particulars	As at March 31,	
	2019	2018
Trade creditors	477,341	685,635
Amounts owed to group undertakings	1,720,144	1,220,144
Other taxation and social security	192,803	129,312
Other creditors	163,975	86,417
Accruals and deferred income	583,163	990,670
	3,137,426	3,112,178

Amounts owed to group undertakings are interest free and are repayable on demand.

13. Share capital

In £

Particulars	As at March 31,	
	2019	2018
Allotted, called up and fully paid		
100 (2018: 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.

14. Reserves

Profit and loss account

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

15. Share-based payments

The parent company, Infosys Limited, has a share option scheme for certain employees (including directors). Restricted stock units (RSUs) are exercisable at a price equal to the face value of the parent company's share on the date of the grant.

The vesting period is usually over 4 years. Vesting of the Restricted stock units is subject to continued employment within the group. Restricted stock units are forfeited if the employee leaves the Company before the options vest.

The total expense relating to the share based payments for the year was £19,406 (2018 £772).

16. Commitments under operating leases

At March 31, 2019, the Company had future minimum lease payments under non cancellable operating leases as follows:

In £

Particulars	As at March 31,	
	2019	2018
Not later than 1 year	65,715	33,673
Later than 1 year and not later than 5 years	4,251	–
	69,966	33,673

17. 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.

18. Parent undertaking and controlling party

The parent undertaking of the smallest group of undertakings for with group financial statements are drawn up and of which the Company is a member is Infosys Limited, whose registered office is Electronics City, Hosur Road, Bengaluru, 560 100, Karnataka, India. Group financial statements are available from www.infosys.com.

The ultimate parent undertaking is Infosys Limited, a company incorporated in India.

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

Detailed Profit and Loss Account

In £

Particulars	For the years ended March 31,	
	2019	2018
Turnover	9,836,927	6,219,596
Cost of sales	(5,848,608)	(4,330,407)
Gross profit	3,988,319	1,889,189
Other operating income	–	16,272
Less: overheads		
Administrative expenses	(3,797,675)	(2,635,219)
Operating profit/(loss)	190,644	(729,758)
Interest payable and similar expenses	(10,232)	(20,806)
Investment income	–	14,390
Profit/(loss) before taxation	180,412	(736,174)

Schedule to the detailed accounts

In £

Particulars	For the years ended March 31,	
	2019	2018
Turnover		
Provision of consultancy services	9,836,927	6,219,596
Cost of sales		
Direct staff and subcontractor costs	5,350,108	4,072,567
Travel and entertainment	460,540	216,401
Other direct costs	37,960	41,439
	5,848,608	4,330,407
Other operating income		
Net rents receivable	–	16,272
Administrative expenses		
Directors salaries	372,710	257,441
Directors pension costs	6,100	1,621
Staff salaries	1,798,489	1,218,798
Staff private health insurance	57,761	34,921
Employers' national insurance	201,701	180,774
Staff pension costs	29,574	7,594
Staff training	586	1,140
Motor running costs	8,029	5,384
Hotels, travel and subsistence	184,397	131,370
Printing and stationery	24,611	8,895
Postage	4,310	2,162
Telephone	19,571	16,801
Computer costs	16,198	28,831
Advertising and promotion	60,687	4,889
Trade subscriptions	192,885	103,434
Legal and professional	93,254	161,157
Auditor's remuneration	12,000	11,000
Accountancy fees	16,217	23,800
Bank charges	16,132	10,003
Bad debts	79,075	119,936
(Gains)/losses on foreign exchange	(18,973)	63,665
Sundry expenses	27,184	23,900
Rent	494,031	131,824
Rates	21,642	45,988
Light and heat	907	5,663
Cleaning	3,004	10,838

Particulars	For the years ended March 31,	
	2019	2018
Insurance	720	6,332
Repairs and maintenance	10,210	3,011
Depreciation	64,663	13,567
Loss on sale of tangible assets	–	480
	3,797,675	2,635,219
Interest payable		
Bank loan interest payable	4,089	11,798
Other loan interest payable	6,143	9,008
	10,232	20,806
Investment income		
Profit on disposal of unlisted investments	–	14,390

Brilliant Basics (MENA) DMCC

Independent Auditors' Report

To the Shareholders 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, 2018, 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, 2018, 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.

Management's 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 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 of accounting unless the 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 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.

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:

- 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
Reg. No. 368, Dubai, U.A.E
February 3, 2019
File No.: AAA/9716/19

Statement of Financial Position

In AED

Particulars	Note no.	As at December 31, 2018	As at December 31, 2017
ASSETS			
Non-current assets			
Property and equipment	4	2,178	4,803
Total non-current assets		2,178	4,803
Current assets			
Trade and other receivables	5	347,687	742,562
Cash and cash equivalents	6	1,974,230	51,525
Total current assets		2,321,917	794,087
Total assets		2,324,095	798,890
EQUITY AND LIABILITIES			
Equity			
Share capital	2	50,000	50,000
Retained earnings		424,733	(22,364)
Shareholder's current account		(110,389)	(110,389)
Total equity		364,344	(82,753)
Liabilities			
Non-current liabilities			
Long-term loan	7	–	509,569
Total non-current liabilities		–	509,569
Current liabilities			
Trade and other payables	8	1,959,751	372,074
Total current liabilities		1,959,751	881,643
Total equity and liabilities		2,324,095	798,890

The notes on page 696 to 698 form an integral part of these financial statements.

These fianacial statements have been approved and signed by the undersigned on February 3, 2019.

for Brilliant Basics (MENA) DMCC

Anand Kumar Verma
Manager

The report of the Auditors is set on page 690 to 691.

Statement of Comprehensive Income

In AED

Particulars	Note no.	Year ended December 31,	
		2018	2017
Revenue		2,200,220	1,134,619
Cost of revenue	9	(1,380,237)	(1,197,196)
Gross profit		819,983	(62,577)
Administration expenses	10	(480,584)	(809,261)
Depreciation	4	(2,625)	(2,620)
Operating profit for the year		336,774	(874,458)
Other income	11	–	4,422,384
Exchange gain		120,864	(274,946)
Finance charges		(10,541)	(14,438)
Profit for the year		447,097	3,258,542
Other comprehensive income		–	–
Total comprehensive income for the year		447,097	3,258,542

The notes on page 696 to 698 form an integral part of these financial statements.

These fianacial statements have been approved and signed by the undersigned on February 3, 2019.

for Brilliant Basics (MENA) DMCC

Anand Kumar Verma
Manager

The report of the Auditors is set on page 690 to 691.

Statement of Changes in Equity

In AED

Particulars	Share capital	Retained earnings	Shareholder's current account	Total equity
As at January 1, 2017	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)
Total comprehensive income for the year	–	447,097	–	447,097
Balance at December 31, 2018	50,000	424,733	(110,389)	364,344

The notes on page 694 to 696 form an integral part of these financial statements.

These fianacial statements have been approved and signed by the undersigned on February 3, 2019.

for Brilliant Basics (MENA) DMCC

Anand Kumar Verma
Manager

The report of the Auditors is set on page 690 to 691.

Statement of Cash Flows

In AED

Particulars	Year ended December 31,	
	2018	2017
Cash flows from operating activities		
Profit for the year	447,097	3,258,542
Adjustment for		
Depreciation	2,625	2,620
	449,722	3,261,162
Changes in working capital		
Trade and other receivables	394,875	1,835,045
Trade and other payables	1,587,677	95,032
Cash generated from operations	2,432,274	5,191,239
Net cash generated from operating activities	2,432,274	5,191,239
Cash flows from financing activities		
Loan repaid	(509,569)	(5,534,388)
Net change in shareholder's current account	–	50,001
Net cash used in financing activities	(509,569)	(5,484,387)
Net cash movement for the year	1,922,705	(293,148)
Cash and cash equivalents at beginning of the year	51,525	344,673
Cash and cash equivalents at end of the year	1,974,230	51,525

The notes on page 694 to 696 form an integral part of these financial statements.

These fianacial statements have been approved and signed by the undersigned on February 3, 2019.

for Brilliant Basics (MENA) DMCC

Anand Kumar Verma
Manager

The report of the Auditors is set on page 690 to 691.

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 1st May, 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	age%
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.

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 (IFRS).

3.3 Foreign currency transactions

Foreign currency transactions are recorded in UAEDirhams 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 UAEDirhams 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 recognised as per the terms of the contracts with the customers and comprises of the invoiced value of services (net of discounts) rendered during the year.

3.5 End of service benefits

Amount payable to employees under the U.A.E labor law applicable to employee's 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:

Particulars	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

Cost	Office equipment	Total
As at 1st January, 2018	13,100	13,100
As at December 31, 2018	13,100	13,100
Accumulated depreciation		
As at 1st January, 2018	8,297	8,297
Charge for the year	2,625	2,625
As at December 31, 2018	10,922	10,922
Net book value		
As at December 31, 2018	2,178	2,178
As at December 31, 2017	4,803	4,803

5 Trade and other receivables

In AED

Particulars	Note no.	As at December 31,	
		2018	2017
Trade Receivables	5.1	317,198	36,700
Accrued revenue		–	173,731
Prepayments		29,274	45,916
Deposit (rent)		1,215	1,215
Marginal deposit		–	485,000
		347,687	742,562

5.1 Includes receivable from related party (M/s. Infosys Limited) of AED 54,516.

6 Cash and cash equivalents

In AED

Particulars	As at December 31,	
	2018	2017
Cash at bank	1,974,230	51,525
	1,974,230	51,525

7 Long-term loan

In AED

Particulars	Note no.	As at December 31,	
		2018	2017
Loan from related parties	12	–	509,569
		–	509,569

8 Trade and other payables

In AED

Particulars	Note no.	As at December 31,	
		2018	2017
Trade payables	8.1	1,758,767	84,646
Accrued expense		200,984	267,043
Provision for leave		–	20,385
		1,959,751	372,074

8.1 Include payable to related party (M/s. Brilliant Basic Ltd) of AED 470,246 and (M/s Brilliant Basic Holding Ltd.) of AED 1,274,964.

9 Cost of revenue

In AED

Particulars	Year ended December 31,	
	2018	2017
Direct cost	1,380,237	1,197,196
	1,380,237	1,197,196

10 Administration expenses

In AED

Particulars	Year ended December 31,	
	2018	2017
Legal, visa and professional fees	22,015	55,961
Salary and other allowances	407,126	721,236
Rent	37,688	13,975
Stationery	1,922	–
Travelling expenses	5,442	13,589
Communication and utilities	1,308	–
Insurance	5,083	–
Carriage	–	4,500
	480,584	809,261

11 Other income

In AED

Particulars	Year ended December 31,	
	2018	2017
Inter-company payable written off	–	4,422,384
	–	4,422,384

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, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. Pricing policies and terms of these transactions are approved by the Company's management.

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 statement.

14 Interest rate risk

Significant financial instruments, other assets and other liabilities (of the Company) as at December 31, 2018 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 USD, the Company is not exposed to a significant exchange rate risk.

16 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.

17 Liquidity risk

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.

18 Contingencies and commitments

Except for ongoing business commitments that are in the normal course of business, the Company has incurred contingencies and commitments as follows.

In AED

Particulars	As at December 31,	
	2018	2017
Performance bond	–	485,000
	–	485,000

19 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 page 696 to 698 form an integral part of the financial statement.

These fianacial statements have been approved and signed by the undersigned on February 3, 2019.

for Brilliant Basics (MENA) DMCC

Anand Kumar Verma
Manager

The report of the Auditors is set on 690 to 691.

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, 2018.

In the opinion of the directors, the financial statements of the Company as set out on pages 6 to 37 are drawn up so as to give a true and fair view of the financial position of the Company as at December 31, 2018, and the financial performance, changes in equity and cash flows of the Company for the financial year then ended and at the date of this statement, with the continuing financial support from Infosys Limited, its holding company, and a letter of undertaking from Infosys Limited not to recall or demand repayment of the amount owing by the Company to the holding company unless it has the ability to repay such obligation, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 Directors

The directors of the Company in office at the date of this statement are:

Gordon Jamieson Bryan

Shveta Arora

2 Arrangements to enable directors to acquire benefits

By means of the 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.

3 Directors' interests 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 and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act.

4 Share options

(a) Options to take up unissued shares

During the financial year, no option to take up unissued shares of the Company was granted.

(b) 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.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company under option.

5 Auditors

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

Gordon Jamieson Bryan

Shveta Arora

April 10, 2019

Independent Auditor's Report

To the Members of Infosys Consulting Pte Ltd.

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, 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 37.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the 'Act') and Financial Reporting Standards in Singapore ('FRSS') so as to give a true and fair view of the financial position of the Company as at December 31, 2018, and 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 Auditor's 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.

Information other than the Financial Statements and Auditor's Report thereon

The Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2, but does not include the financial statements and our auditor's report thereon.

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 the Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, 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.

Auditor's 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 auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 control.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 auditor's 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 auditor's 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 control 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 and Touche LLP

Singapore
April 10, 2019

Statement of Financial Position

In SG $

Particulars	Note no.	As at December 31, 2018	
		2018	2017
ASSETS			
Current assets			
Cash and cash equivalents	7	736,154	264,284
Trade and other receivables	8	4,603,659	3,984,289
Total current assets		5,339,813	4,248,573
Non-current assets			
Other receivables	8	197,433	105,099
Property, plant and equipment	9	30,155	165,294
Subsidiaries	10	97,948,138	–
Total non-current assets		98,175,726	270,393
Total assets		103,515,539	4,518,966
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	11	8,328,174	2,677,521
Loan from holding and related company	12	79,518,465	1,861,343
Contingent consideration	13	1,430,624	–
Total current liabilities		89,277,263	4,538,864
Non-current liability			
Contingent consideration	13	14,358,897	–
Capital and reserve			
Share capital	14	10,990,000	10,990,000
Accumulated losses		(11,110,621)	(11,009,898)
Net capital deficiency		(120,621)	(19,898)
Total liabilities and equity		103,515,539	4,518,966

Statement of Profit or Loss and Other Comprehensive Income

In SG $

Particulars	Note no.	Years ended December 31,	
		2018	2017
Revenue	15	15,688,814	14,488,576
Other income		287,990	803,672
		15,976,804	15,292,248
Total income			
Travel Expenses		(1,095,844)	(1,165,147)
Administrative expenses		(11,864,278)	(12,995,582)
Other operating expense		(1,857,893)	(950,143)
Finance costs		(1,105,703)	(30,991)
Profit before income tax		53,086	150,385
Income tax (expense) benefit	16	(153,809)	108,346
(Loss) Profit for the year, representing total comprehensive (loss) income for the year	17	(100,723)	258,731

Statement of Changes in Equity

In SG $

Particulars	Year ended December 31, 2018		
	Share capital	Accumulated losses	Total
Balance as at January 1, 2017	10,990,000	(11,268,629)	(278,629)
Total comprehensive loss for the year			
Profit for the year, representing			
total comprehensive income for the year	–	258,731	258,731
Balance as at December 31, 2017	10,990,000	(11,009,898)	(19,898)
Total comprehensive income for the year			
Loss for the year, representing			
total comprehensive loss for the year	–	(100,723)	(100,723)
Balance as at December 31, 2018	10,990,000	(11,110,621)	(120,621)

Statement of Cash Flows

In SG $

Particulars	Years ended December 31,	
	2018	2017
Operating activities		
Profit before income tax	53,086	150,385
Adjustments for:		
Depreciation of property, plant and equipment	129,304	159,883
Loss on disposal of plant and equipment	5,835	108
Interest expense	1,105,703	30,991
Operating cash flows before movements in working capital	1,293,928	341,367
Trade and other receivables	(711,704)	(1,510,913)
Trade and other payables	87,645	(485,653)
Cash generated from (used in) operations	669,869	(1,655,199)
Income tax paid	(153,809)	–
Net cash from operating activities	516,060	(1,655,199)
Investing activities		
Purchase of property, plant and equipment	–	(19,482)
Investment in subsidiaries	(77,021,153)	–
Interest paid on exit liability	(129,009)	–
Net cash used in investing activities	(77,150,162)	(19,482)
Financing activities		
Loan from related company	79,500,000	3,238,450
Repayments of borrowings	(2,361,343)	(1,620,000)
Interest paid	(32,685)	–
Net cash from financing activities	77,105,972	1,618,450
Net increase (decrease) in cash and cash equivalents	471,870	(56,231)
Cash and cash equivalents at beginning of year	264,284	320,515
Cash and cash equivalents at end of year (Refer to Note 7)	736,154	264,284

1 General

The Company (Registration No. 200009030D) is incorporated in Singapore with its principal place of business and registered office at Level 43, Unit 1, Suntec Tower 2, 9 Temasek Boulevard, Singapore 038989. The financial statements are expressed in Singapore dollars.

The principal activities of the Company are to carry on the development of e-commerce applications and IT consulting.

The financial statements of the Company for the year ended December 31, 2018 were authorized for issue by the Board of Directors on April 10, 2019.

2 Summary of significant accounting policies

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ('FRSS').

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in the financial statements is

determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 Share-based Payment, leasing transactions that are within the scope of FRS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 Inventories or value in use in FRS 36 Impairment of Assets.

In addition, for financial reporting purposes, 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 quoted prices (unadjusted) 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.

Adoption of new and revised standards - On January 1, 2018, the Company adopted all the new and revised FRSS and Interpretations of FRS ('INT FRS') that are effective from that date and are relevant to its operations. The adoption of these new/ revised FRSS and INT FRSS does not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

FRS 109 Financial Instruments

FRS 109 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment of financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the financial statements are described below.

The Company applied FRS 109 with an initial application date of January 1, 2018. The Company has not restated the comparative information, which continues to be reported under FRS 39. Effects arising from the adoption of FRS 109 have been recognized directly in retained earnings.

The significant accounting policies for financial instruments under FRS 109 is as disclosed in Note 2.

(a) Classification and measurement of financial assets and financial liabilities The Company has applied the requirements of FRS 109 to instruments that have not been derecognized as at January 1, 2018 and has not applied the requirements to instruments that have already been derecognized as at January 1, 2018. The classification of financial assets is based on two criteria: the Company's business model for managing the assets and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding. There are no changes in classification and measurement of the Company's financial assets and financial liabilities.

(b) Impairment of financial assets FRS 109 requires an expected credit loss (ECL) model as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognized. Specifically, FRS 109 requires the Company to recognize a loss allowance for expected credit losses on i) debt investments subsequently measured at amortized cost or at FVTOCI, ii) lease receivables, iii) contract assets and iv) loan commitments and financial guarantee contracts to which the impairment requirements of FRS 109 apply. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, the 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.

FRS 115 Revenue from Contracts with Customers

FRS 115 supersedes FRS 11 Construction Contracts, FRS 18 Revenue and the related Interpretations. FRS 115 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Details of these new requirements as well as their impact on the financial statements are described below.

The Company has applied FRS 115 using the modified retrospective method with the cumulative effect of initially applying this Standard recognized at the date of initial application (January 1, 2018) as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under FRS 11, FRS 18 and the related interpretations. The Company has elected to apply this standard retrospectively only to contracts that are not completed contracts at the date of initial application.

FRS 115 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Company has adopted the terminology used in FRS 115 to describe such balances. The Company's significant accounting policies for its revenue streams are disclosed in Note 2.

There are no material effects of adopting FRS 109 and FRS 115 under the modified retrospective approach on initial adoption.

At the date of authorisation of these financial statements, the following FRSS and amendments to FRS that are relevant to the Company were issued but not effective:

- FRS 116 Leases [1]

[1] Applies to annual periods beginning on or after January 1, 2019, with early application permitted if FRS 115 is adopted.

Management anticipates that the application of the above FRSS, INT FRSS and amendments to FRS in future periods will not have a material impact on the financial statements in the period of their initial adoption except for the following:

FRS 116 Leases

FRS 116 was issued in June 2016 and will supersede FRS 17 Leases and its associated interpretative guidance.

The standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

The total operating lease commitments of the Company in respect of leased premises as at December 31, 2017 and 2018 are set out in Note 18. The Company anticipates that the initial application of the new FRS 116 will result in operating leases to be recognized as right-of-use assets with corresponding lease liabilities, unless they qualify for low value or short-term leases. The new requirement to recognize a right-of-use asset and a related lease liability is expected to have a significant impact to the amounts recognized in the Company's financial statements and management is currently assessing its potential impact. It is not practical to provide a reasonably estimate impact to the Company's financial statements until the Management completes its detailed assessment.

Basis of consolidation - A subsidiary is an entity controlled by the Company. Control is achieved when the Company:

- has power over its investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

Consolidated financial statements of the Company and its subsidiaries have not been prepared as the Company is a wholly-owned subsidiary of another company. Consolidated financial statements are prepared by the Company's ultimate holding company, Infosys Limited, a company incorporated in India, whose registered address is Electronics City, Hosur Road, Bengaluru 560 100 and is publicly available.

In the Company's financial statements, investment in subsidiaries is carried at cost less any impairment in net recoverable value that has been recognized in profit or loss.

Financial instruments - Financial assets and financial liabilities are recognized on the statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

Financial assets (before January 1, 2018)

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognized on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

All financial assets are recognized and de-recognized on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets comprise cash and cash equivalents and trade and other receivables.

Loan and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables (including trade and other receivables and cash and cash equivalents) are measured at amortized cost using the effective interest method less impairment. Interest is recognized by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When receivables are uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the profit or loss. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss 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.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial assets (from January 1, 2018)

All financial assets are recognized and de-recognized on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments mainly comprise cash and bank balances and trade and other receivables that meet the following conditions and are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets 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.
- Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest is recognized using the effective interest method for debt instruments measured subsequently at amortized cost, except for short-term balances when the effect of discounting is immaterial.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses ('ECL') on trade and other receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognizes lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if

i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Company considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) Significant financial difficulty of the borrower;
b) A breach of contract, such as a default or past due event;
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, hav ing granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e) The disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend,

the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Company's trade and other receivables);
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for finance lease receivables; and
- External credit ratings where available.

The grouping is regularly reviewed by the Management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12m ECL at the current reporting date.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost, using the effective interest method, with interest expense recognized on an effective yield basis.

Contingent consideration of an acquirer in a business combination is stated at fair value with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liabilities.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Offsetting arrangements - Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

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.

The Company as lessee

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments.

The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs (see below). Contingent rentals are recognized as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Investment in subsidiaries - A subsidiary is an enterprise in which the Company has control. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Investment in subsidiaries is stated at cost less any impairment in net recoverable value that has been recognized in profit or loss.

Plant and equipment - Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Computers	3 years
Furniture and fittings	3 years
Office equipment	5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognized in profit or loss.

Impairment of assets - At the end of each reporting period, the Company reviews the carrying amounts of its 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 for which the estimates of future cash flows have not been adjusted.

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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

Contingent consideration - The consideration for the acquisition of subsidiaries includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognized in profit or loss.

Revenue recognition (before January 1, 2018) - Service fees are recognized on an accrual basis when services have been rendered. Contracts are billed based on time & material and are invoiced based on the rendered hours and expenses for the individual project.

Revenue recognition (from January 1, 2018) - The Company derives revenues from business IT services comprising of software development and related services and consulting ('together called as software related services').

Revenue is derived from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. Revenue from time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

Retirement benefit costs - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Company's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Compensated absences - The Company has a policy on compensated absences which are accumulating in nature. The expected cost of accumulating absences is determined by actuarial valuation at the end of each reporting period.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognized directly outside profit or loss (either in other comprehensive income or directly in equity, respectively).

Foreign currency transactions and translation - The financial statements of the Company are measured and presented in Singapore Dollar, the currency of the primary economic environment in which the Company operates (its functional currency).

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognized in other comprehensive income.

Cash and cash equivalents in the statement of cash flows

Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits, bank overdrafts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 2, the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical judgements in applying the Company's accounting policies
Management is of the opinion that any instances of judgements (other than those arising from estimates discussed below) are not expected to have a significant effect on the amounts recognized in the financial statements.

(ii) Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Useful life of plant and equipment

As described in Note 2, the Company reviews the estimated useful lives of plant and equipment at the end of each annual reporting period. During the financial year, the Management determined that the estimated useful lives of plant and equipment are appropriate and no revision is required.

Fair value measurements and valuation process

Some of the Company's liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 4 and 13.

4 Financial instruments, financial risks and capital risks management

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of reporting period:

In SG $

Particulars	2018	2017
Financial assets		
Financial assets at amortized cost	5,300,964	4,306,600
Financial liabilities		
Financial liabilities at amortized cost	8,328,174	4,538,864
Contingent consideration for a business combination	15,789,521	–

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

The Company does not have any financial instruments which are subject to enforceable master netting arrangements or similar netting agreements.

(c) Financial risk management policies and objectives

The Board of Directors has an overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company is exposed to a variety of financial risks, comprising market risk (including foreign currency risk, commodity price risk and interest rate risk), credit risk and liquidity risk.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below:

(i) Foreign exchange risk management

The Company's foreign currency exposures arise mainly from the exchange rate movements of the Japanese Yen and United States Dollar against the Singapore Dollar.

Those exposures are managed primarily by using natural hedges that arise from offsetting assets and liabilities that are denominated in foreign currencies.

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities denominated in currency other than the Company's functional currency at the end of the reporting period are as follows:

In SG $

Currency	Liabilities		Assets	
	2018	2017	2018	2017
United States Dollar	–	(4,245)	424,925	886,679
Chinese Yuan (RMB)	(668,559)	(468,063)	–	–
Euro	(16,830)	(24,263)	27,276	–
Swiss Franc (CHF)	(2,497)	–	29,507	14,092
Total	(687,886)	(496,571)	481,708	900,771

Foreign currency sensitivity

The sensitivity rate used when reporting foreign exchange risk to key management personnel is 5%, which is the change in a foreign exchange rate that management deems reasonably possible, which will affect outstanding foreign currency denominated monetary items at the end of the reporting period.

If the relevant foreign currency strengthens by 5% against the functional currency of the Company, the effect on profit or loss (before tax) will increase by:

In SG $

Currency	2018	2017
United States Dollar	21,246	44,122
Chinese Yuan (RMB)	(33,427)	(23,403)
Euro	522	(1,325)
Swiss Franc (CHF)	1,351	705

If the relevant foreign currency weakens by 5% against the functional currency of the Company, the above will have an opposite effect.

(ii) Interest rate risk management

The Company is not exposed to significant interest rate risk.

(iii) Credit risk management

The Company develops and maintains its credit risk gradings to categorize exposures according to their degree of risk of default. The Company uses its own trading records to rate its major customers and other debtors.

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12m ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

Particulars	Note no.	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
2018						
Trade receivables	8	(i)	Lifetime ECL	4,497,415	–	4,497,415
Other receivables	8	Performing	12-month ECL	67,395	–	67,395
2017						
Trade receivables	8	(i)	Lifetime ECL	3,917,931	–	3,917,931
Other receivables	8	Performing	12-month ECL	124,385	–	124,385

(i) The Company has applied the simplified approach to measure the loss allowance at lifetime ECL and in determining, has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

The carrying amount of financial assets recorded in the financial statements,

grossed up for any allowances for losses, represents the Company's maximum exposure to credit risk without taking into account of the value of any collateral obtained.

(iv) Liquidity risk management

Liquidity risk refers to the risk in which the Company has difficulties in meeting its

short-term obligations. The holding Company will also provide the Company with sufficient liquidity to meet the working capital needs when required. The holding company will also provide the Company with sufficient liquidity to meet the working capital needs when required.

As at December 31, 2018, the Company's current liabilities exceeded its current assets by $83,937,450 (2017: $290,291). In addition, the Company has capital deficiency of $120,621 (2017: $19,898). The financial statements have been prepared on a going concern basis based on the letter of undertaking received from holding company, Infosys Limited, incorporated in India, not to recall or demand repayment of the amount owing by the Company to it unless the Company has the ability to repay such obligation and Infosys Limited has also committed to provide continuing financial support to the Company to enable it to operate as going concern. The directors are satisfied that such financial support will be available and forthcoming as and when required.

All financial assets and liabilities in 2017 and 2018 are repayable on demand or due within 1 year from the end of the reporting period, except for the non-current portion of the contingent consideration as disclosed in Note 13.

Non-derivative financial liabilities

The summary of the maturity profile of the Company's non-derivative financial liabilities at the end of the reporting period based on contractual undiscounted payments is as follows:

In SG $

Particulars	Average effective interest rate %	On demand or within 1 year	1 to 5 years	Over 5 years	Adjustment	Total
2018						
Trade and other payables	–	8,328,174	–	–	–	8,328,174
Loan from related company	3.00	79,518,465	–	–	–	79,518,465
Contingent consideration	12.50	3,112,623	24,662,410	–	(11,985,512)	15,789,521
		90,959,262	24,662,410	–	(11,985,512)	103,636,160
2017						
Trade and other payables	–	2,677,521	–	–	–	2,677,521
Loan from related company	2.25	1,861,343	–	–	–	1,861,343
		4,538,,864	–	–	–	4,538,864

(v) Fair values of financial assets and financial liabilities

Fair value of the Company's financial liabilities that are measured at fair value on a recurring basis

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Contingent consideration

Entity	Fair value as at	Fair value hierarchy	Valuation technique and key input	Significant unobservable input	Relationship of unobservable inputs to fair value	
	2018	2017				
	$	$				
Contingent consideration payable to Fluido Oy	10,818,860	–	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Company arising from the contingent consideration.	Discount rate of 16% per annum determined using a Capital Asset Pricing Model.	A slight increase in the discount rate used in isolation would result in a significant decrease in the fair value.
Contingent consideration payable to Infosys Compaz Pte. Ltd.	4,549,520	–	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Company arising from the contingent consideration.	The present value has been computed at a discount rate of 9%, which is higher than cost of debt but lower than cost of equity of the Infosys Compaz Pte. Ltd.	A slight increase in the discount rate used in isolation would result in a significant decrease in the fair value.

Fair value of the Company's financial assets and liabilities that are not measured at fair value on a recurring basis

Management considers that the carrying amounts of cash and cash equivalents, trade and other current receivables and payables and other liabilities recorded at amortized cost in the financial statements approximate their fair values due to the relatively short-term maturity of these financial instruments. In respect of the financial assets and liabilities recorded at amortized cost whose maturity is more than a year, the Management also considers that such financial instruments approximate their fair values. The fair values of other classes of financial assets and financial liabilities are disclosed in the respective notes to the financial statements.

(d) Capital risk management policies and objectives

The Company reviews its capital structure at least annually to ensure that the Company will be able to continue as a going concern. The capital structure of the Company comprises only of issued capital and retained earnings.

The Company's overall strategy remains unchanged from the prior year.

5 Holding company and related company transactions

The Company is a wholly-owned subsidiary of Infosys Limited, incorporated in India, which is also the Company's ultimate holding company. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the Company's transactions and arrangements and terms thereof are arranged by or between members of the group.

Significant intercompany transactions are as follows:

In SG $

Holding company and related companies	2018	2017
Management fee income	(241,760)	(732,765)
Services rendered	(15,539,718)	(11,104,782)
Management fee expense	111,978	190,206
Guarantee fee	26,663	–
Loan interest expense	551,150	30,991
(Reversal of) Intercompany contractor expense	(45,856)	498,779

6 Related party transactions

Some of the Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable within the next twelve months unless otherwise stated.

Compensation of directors and key management personnel

The transactions with related parties, remuneration of directors and other members of key management during the year are as follows:

In SG $

Particulars	2018	2017
Remuneration of directors and other members of key management		
Short-term benefits	465,131	632,739
Post-employment benefits	–	–
	465,131	632,739

7 Cash and cash equivalents

In SG $

Particulars	2018	2017
Cash at bank	736,089	263,809
Cash in hand	65	475
	736,154	264,284

8 Trade and other receivables

In SG $

Particulars	2018	2017
Holding company - trade (Refer to Note 5)	808,019	465,303
Related companies - trade (Refer to Note 5)	3,689,396	2,370,254
Outside parties	–	261,228
Accrued receivables	–	821,146
Other receivables	412	19,286
Deposits	66,983	105,099
Prepayments	236,282	47,072
	4,801,092	4,089,388
Classified as:		
Current	4,603,659	3,984,289
Non-current	197,433	105,099
	4,801,092	4,089,388

The average credit period on sale of goods is 30 days (2017 : 30 days). No interest is charged on overdue trade receivables.

Loss allowance for trade receivables has been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Previous accounting policy for impairment of trade and other receivables

No allowance has been made for debts not past due and not impaired as the Management considers these to be of good credit quality.

Aging of receivables that are past due but not impaired:

Particulars	2018	2017
Not past due	1,471,804	1,085,429
Past due 1 – 30 days	–	956,168
Past due 31 – 60 days	544,330	242,202
Past due more than 61 days	2,548,676	1,758,517
	4,564,810	4,042,316

Included in the Company's trade receivable balance are debtors with a carrying amount of $ 4,497,827 (2017 : $3,937,217) which are past due at the end of the reporting period for which the Company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral over these balances.

9 Plant and equipment

In SG $

Particulars	Computers	Office equipment	Furniture and fittings	Total
Cost:				
At January 1, 2017	247,710	22,253	298,149	568,112
Additions	19,304	–	178	19,482
Disposals	(41,405)	(3,393)	–	(44,798)
At December 31, 2017	225,609	18,860	298,327	542,796
Disposals	–	(9,575)	–	(9,575)
At December 31, 2018	225,609	9,285	298,327	533,221
Accumulated depreciation:				
At January 1, 2017	170,587	8,538	83,184	262,309
Depreciation	54,134	3,274	102,475	159,883
Disposals	(41,290)	(3,400)	–	(44,690)
At December 31, 2017	183,431	8,412	185,659	377,502
Depreciation	25,344	1,662	102,298	129,304
Disposals	–	(3,740)	–	(3,740)
At December 31, 2018	208,775	6,334	287,957	503,066
Carrying amounts:				
At December 31, 2017	42,178	10,448	112,668	165,294
At December 31, 2018	16,834	2,951	10,370	30,155

10 Subsidiaries

In SG $

Particulars	2018	2017
Unquoted equity shares, at cost	97,948,138	–

The subsidiaries of the Company are as follows:

Name of subsidiaries	Country of incorporation and operation	Proportion of ownership interest and voting power held by the Company		Principal activities
		2018	2017	
		%	%	
Infosys Middle East FZ-LLC	Middle East	100	–	Information technology application support services
Fluido Oy	Finland	100	–	Salesforce advisor and consulting partner in cloud consulting, implementation and training services
Infosys Compaz Pte. Ltd.	Singapore	60	–	IT services

11 Trade and other payables

In SG $

Particulars	2018	2017
Holding company - trade (Refer to Note 5)	27,010	13,073
Related companies - trade (Refer to Note 5)	435,729	178,471
Outside parties	319,591	495,844
Accrued expenses	1,497,647	1,245,959
Compensated absences	249,805	421,961
Provision for tax	205,825	271,168
Other payables [1]	5,592,567	51,045
	8,328,174	2,677,521

The average credit period on purchases of goods is 60 days (2017 : 60 days). No interest is charged on the outstanding balance.

[1] Included in other payables is an amount payable to an outside party for acquisition of Infosys Compaz Pte. Ltd. of $5,563,008 (2017 : $Nil).

12 Loan from holding and related companies

The loan from holding company is denominated in Singapore Dollar, bears interest at 3% per annum, is unsecured and repayable on demand.

In 2017, the loan from related company was denominated in United States Dollar, bore interest at 2.25% per annum and was unsecured. The loan were settled during the year.

13 Contingent consideration

In SG $

Particulars	2018	2017
Current:		
Contingent consideration payable - Fluido Oy(1)	1,430,624	–
Non-current:		
Contingent consideration payable - Fluido Oy(1)	9,388,236	–
Contingent consideration payable - Infosys Compaz(2)	4,549,520	–
Interest payable on contingent consideration - Fluido Oy	65,816	–
Interest payable on contingent consideration - Infosys Compaz	355,325	–
	14,358,897	-

(1) On October 11, 2018, the Company acquired 100% of the issued share capital of Fluido Oy for consideration of EURO 65 million ($110 million), including cash consideration of EURO 45 million ($76 million), contingent consideration of EURO 12 million ($10.8 million) and retention payouts of up to EURO 8 million ($13.6 million), payable to the employees of Fluido over the next three years, subject to their continuous employment with the Infosys Group. This transaction has been accounted for by the acquisition method of accounting.

Fluido Oy is an entity incorporated in Finland with its principal activity being the salesforce advisor and consulting partner in cloud consulting, implementation and training services.

The payment of contingent consideration to sellers of Fluido is dependent upon the achievement of certain financial targets by Fluido. At the acquisition date, the key inputs used in determination of the fair value of contingent consideration are the discount rate of 16% and the probabilities of achievement of the financial targets. $10,818,860 represents the estimated fair value of this obligation.

(2) On November 16, 2018, the Company acquired 60% of the issued share capital of Infosys Compaz Pte. Ltd. for consideration of $17 million, including cash consideration of $10 million which includes other payables of $5.6 million (Refer to Note 11) and contingent consideration of $4.5 million. This transaction has been accounted for by the acquisition method of accounting.

Infosys Compaz Pte. Ltd. is an entity incorporated in Singapore with its principal activity being the provision of IT services.

The payment of contingent consideration to sellers of Infosys Compaz Pte. Ltd is dependent upon the achievement of certain revenue targets by Infosys Compaz Pte. Ltd. At the acquisition date, the key inputs used in determination of the fair value of contingent consideration are the discount rate of 9% and the probabilities of achievement of the financial targets. $4,549,520 represents the estimated fair value of this obligation. The key inputs used in determination of the fair value of contingent considerations are included in Note 4. At the end of the reporting period, there have been no changes to the amounts recognized arising from changes in range of outcomes or valuation techniques applied.

14 Share capital

Particulars	2018	2017	2018	2017
	Number of ordinary shares		SG $	
At beginning and end of year	10,990,000	10,990,000	10,990,000	10,990,000

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

15 Revenue

In SG $

Particulars	2018	2017
Type of goods or service		
Provision of IT support services	15,688,814	14,488,576

Particulars	2018
	$
Timing of revenue recognition	
Over time	15,688,814

16 Income tax expense (benefit)

In SG $

Particulars	2018	2017
Income tax recognized in profit or loss:		
Withholding tax	153,809	(108,346)

Domestic income tax is calculated at 17% (2017 17%) of the estimated assessable income for the year.

The total charge for the year can be reconciled to the accounting profit as follows:

In SG $

Particulars	2018	2017
Profit before income tax	53,086	150,385
Income tax expense calculated at 17%	9,025	25,565
Non-deductible expenses	12,821	40,066
Utilisation of previously unrecognized tax benefit	(21,846)	(65,631)
Withholding tax	153,809	(108,346)
	153,809	(108,346)

The company has unutilized tax losses carry forwards available for offsetting against future taxable income as follows:

In SG $

Particulars	Tax losses	Unutilized capital allowances	Total
At January 1, 2017	9,554,374	380,658	9,935,032
Utilized during the year	(5,406)	(380,658)	(386,064)
At December 31, 2017	9,548,968	–	9,548,968
Utilized during the year	(128,503)	–	(128,503)
At December 31, 2018	9,420,465	–	9,420,465

In SG $

Particulars	2018	2017
Deferred tax benefit on above unrecorded at 17%	1,601,479	1,623,324

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.

17 Profit for the year

Profit for the year has been arrived at after charging:

In SG $

Particulars	2018	2017
Directors' remuneration	465,131	632,739
Employee benefits expense (including directors' remuneration):		
Defined contributions plans	7,249,871	9,789,089
Others	689,025	806,154
	7,938,896	10,595,243

18 Operating lease arrangements

The Company as lessee

In SG $

Particulars	2018	2017
Minimum lease payments under operating leases recognized as an expense in the year	413,820	413,820

At the end of the reporting period, the Company has outstanding commitments under non-cancellable operating leases, which fall due as follows:

Particulars	2018	2017
	$	$
Within one year	393,855	413,820
Within two to five years	424,710	34,485
	818,565	448,305

Leases are negotiated and rentals are fixed at an average term of 3 years.

19 Events after the reporting period

On April 1, 2019, the Company acquired 81% of the shareholding in Hitachi Procurement Service Co., Ltd., ('HIPUS'), Japan, a wholly-owned subsidiary of Hitachi Ltd, Japan, for a total cash consideration of JPY 3.29 billion ($40 million) on fulfilment of the closing conditions. The Company has paid an advance of JPY 3.29 billion ($40 million) to Hitachi towards cash consideration on March 29, 2019. HIPUS handles indirect materials purchasing functions for the Hitachi Group.

On March 28, 2019, the Company entered into a definitive agreement to acquire 75% of the shareholding in Stater N.V., a wholly-owned subsidiary of ABN AMRO Bank. N.V. Netherlands, for a consideration including base purchase price of up to EURO 127.5 million ($194 million) and customary closing adjustments, subject to regulatory approvals and fulfilment of closing conditions.

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Infosys Middle East FZ LLC

(Formerly known as 'CMA Systems FZ LLC')

Independent Auditors' Report

To the Shareholders of Infosys Middle East FZ LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Infosys Middle East FZ LLC (Formerly known as 'CMA Systems FZ LLC') ('the Company'), which comprise the statement of financial position as at December 31, 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising 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 Company as at December 31, 2018, 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 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the 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 and the IESBA Code. 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 IFRS, their preparation in compliance with the applicable provisions of the Dubai Creative Cluster Private Companies Regulations 2016, 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on legal and regulatory requirements

We further report that the financial statements, in all material respects, have been properly prepared in accordance with the Dubai Creative Cluster Private Companies Regulations 2016 issued pursuant to Law No. (15) Of 2014.

KPMG Lower Gulf Limited

Emilio Pera
Registration number: 1146

Dubai, United Arab Emirates
May 19, 2019

Statement of Profit or Loss and Other Comprehensive Income

In AED

Particulars	Note no.	2018	2017
Revenue	9	49,586,450	53,846,758
Staff costs	5	(41,711,293)	(45,307,009)
Management fees	9	–	(1,243,065)
Administrative and general expenses	6	(5,023,166)	(5,738,487)
Impairment losses on financial assets	9	(15,525,433)	–
		(62,259,892)	(52,288,561)
Finance cost		(129,330)	–
Profit for the year		(12,802,772)	1,558,197
Other comprehensive income			–
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of the net defined benefit liability		(35,770)	–
Total other comprehensive income		(35,770)	–
Total comprehensive profit for the year		(12,838,542)	1,558,197

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

Statement of Financial Position

In AED

Particulars	Note no.	As at December 31, 2018	As at December 31, 2017
Non-current asset			
Property, plant and equipment	7	421,787	847,829
Current assets			
Other receivables	8	1,738,406	1,289,263
Due from a related party	9	3,602,373	16,981,036
Cash in hand and at bank	10	6,374,017	731,644
		11,714,796	19,001,943
Current liabilities			
Trade and other payables	11	2,861,224	3,962,634
Loan from a related party	9	5,634,330	–
		8,495,554	3,962,634
Net current assets		3,219,242	15,039,309
Non-current liability			
Provision for employees' end of service benefits	12	16,117,866	15,525,433
Net assets		(12,476,837)	361,705
Represented by:			
Share capital	13	300,000	300,000
Retained earnings		(12,776,837)	61,705
		(12,476,837)	361,705

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

These financial statements were approved for issuance by the Managing Director on May 15, 2019.

Managing Director

Statement of Cash Flows

In AED

Particulars	Note no.	2018	2017
Operating activities			
(Loss)/ profit for the year		(12,802,772)	1,558,197
Adjustments for:			
Depreciation	7	544,179	508,753
Provision for employees' end-of-service benefits	12	2,041,493	2,795,498
Interest expense		129,330	–
Provision for incentives and leave accruals	11	1,838,964	487,429
Impairment losses on financial assets	9	15,525,433	–
		7,276,627	5,349,877
Changes in:			
Change in other receivables	8	(449,142)	64,632
Change in due from a related party	9	(2,146,771)	(3,934,759)
Change in trade and other payables	11	(1,025,398)	410,867
Payment for employees' end-of-service benefits	12	(1,484,830)	(1,177,743)
Payment of incentives		(1,914,976)	(1,780,652)
Net cash from/ (used in) operating activities		255,510	(1,067,778)
Investing activity			
Acquisition of property and equipment	7	(118,137)	(12,000)
Net cash used in investing activity		(118,137)	(12,000)
Financing activity			
Dividends Paid		–	(2,901,205)
Proceeds from loan from a related party		5,505,000	–
Net cash from/ (used in) financing activity		5,505,000	(2,901,205)
Net decrease in cash and cash equivalents		5,642,373	(3,980,983)
Cash and cash equivalents at the beginning of the year		731,644	4,712,627
Cash and cash equivalents at the end of the year		6,374,017	731,644

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

Statement of Changes in Equity

In AED

Particulars	Share capital	Retained earnings	Total
At January 1, 2017	300,000	1,404,713	1,704,713
Total comprehensive income for the year			
Profit for the year		1,558,197	1,558,197
Dividends paid during the year		(2,901,205)	(2,901,205)
At December 31, 2017	300,000	61,705	361,705
At January 1, 2018	300,000	61,705	361,705
Total comprehensive income for the year			
Loss for the year	–	(12,802,772)	(12,802,772)
Other comprehensive income for the year	–	(35,770)	(35,770)
At December 31, 2018	300,000	(12,776,837)	(12,476,837)

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

Notes (Forming an integral part of these Financial Statements)

1 Legal status and principal activities

Infosys Middle East FZ LLC (Formerly known as 'CMA Systems FZ LLC') ('the Company'), was incorporated on 27 September 2007 as a Free Zone Company with limited liability under the provisions of the Dubai Technology & Media Free Zone Private Companies Regulations 2003 (currently known as Dubai Creative Clusters Authority) issued under Law No. 1 of 2000 of the Emirate of Dubai establishing the Dubai Technology, Electronic Commerce & Media Free Zone (TECOM). The registered address of the Company is Office 2201-2208, 22nd Floor, Aurora Tower, Dubai Media City, Dubai, P.O. Box 502292, United Arab Emirates ('UAE').

The principal activity of the Company is to provide IT solutions and services.

Up to May 7, 2012, the Company was registered under the name 'CMA CGM Systems Global Delivery Centre FZ-LLC' and was fully owned by CMA CGM Systems, France. Effective from 8 May 2012, the ownership was transferred fully to CMA CGM Systems SA, a company registered in France, herein referred to as ('the former shareholder'), and the Company's legal name was changed to 'CMA Systems FZ LLC'.

During 2017, CMA CGM SA entered into a transfer agreement with Infosys Consulting Pte. Ltd ('the Shareholder') to transfer CMA Systems FZ LLC to Infosys Consulting Pte. Ltd, effective from January 1, 2018, and the Company's legal name was changed to 'Infosys Middle East FZ LLC'. Infosys Consulting Pte. Ltd is a wholly owned subsidiary of Infosys Limited.

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards ('IFRSs') and the applicable provisions of Dubai Creative Cluster Private Companies Regulations 2016.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost basis.

2.3 Functional and presentation currency

These financial statements are presented in UAE Dirhams ('AED'), which is the Company's functional currency.

2.4 Use of estimates and judgments

The preparation of the financial statements in conformity with IFRSs requires the Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and 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.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements.

3a Changes in significant accounting policies

The Company has initially applied IFRS 15 and IFRS 9 from January 1, 2018. A number of other new standards are also effective from January 1, 2018 but they do not have a material effect on the Company's financial statements.

IFRS 15 and IFRS 9 did not have a significant impact on the Company's accounting policies

IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time– requires judgement.

The Company has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognized at the date of initial application (i.e. January 1, 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18 and related interpretations.

Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

The details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Company's various goods and services are as follows.

Transaction price and related adjustments

The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. When determining the transaction price, the Company considers the effects of the following:

Gross versus net presentation

When revenue is recognized in respect of goods and services provided by third parties it must be considered whether Company acts as a principle or an agent. Whether the Company is considered to be the principle or an agent in the transaction depends on the Management analysis of both legal form and of the substance of the underlying agreement between the Company and its dealers/ channel partners. Such judgments impacts the amount of reported revenue and operating expenses and does not have any impact on the reported assets, liabilities or cash flows. This also does not have any significant impact on adoption of IFRS 15.

IFRS 9 Financial instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Company's approach was to include the impairment of trade receivables in operating expenses. Consequently, the Company reclassified impairment losses amounting to US$ 3,150 thousand, recognized under IAS 39, from 'operating expenses' to 'impairment loss on trade receivables and contract assets' in the statement of consolidated profit or loss and OCI for the year ended December 31, 2017. Impairment losses on other financial assets are presented under 'operating expenses', similar to the presentation under IAS 39, and not presented separately in the consolidated statement of profit or loss and OCI due to materiality considerations.

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at January 1, 2018 relates solely to the new impairment requirements.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at January 1, 2018.

Particulars	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
			AED	AED
Financial assets				
Other receivables	Loans and receivables	Amortized cost	125,000	125,000
Due from related parties	Loans and receivables	Amortized cost	16,981,036	16,981,036
Cash at bank	Loans and receivables	Amortized cost	731,644	731,644
Total financial assets			17,837,680	17,837,680
Trade and other payables (excluding accruals)	Other financial liabilities	Other financial liabilities	3,460,698	3,460,698
Total financial liabilities			3,460,698	3,460,698

There was no material impact on the allowance for impairment over these receivables in the opening retained earnings at January 1, 2018 on transition to IFRS 9. There was no change on the carrying amounts of financial assets under IAS 39 compared to the carrying amounts under IFRS 9 on transition to IFRS 9 on January 1, 2018.

i) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements at January 1, 2018 did not have a significant impact in the allowance for impairment.

Additional information about how the Company measures the allowance for impairment is described in Note 17.

ii) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Therefore, comparative periods have not been restated. There was no difference in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 as at January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.

3b Significant accounting policies

The following accounting policies, which comply with IFRS, have been applied consistently to all periods presented in these financial statements. Except for changes in accounting policies for revenue and financial instruments (Refer to Note 3a), the Company has consistently applied the accounting policies to all year presented unless otherwise stated.

Revenue recognition

Revenue comprises services income from the customer, to whom it provides services. The Company bills the customer the costs it incurs for providing its services plus a margin. Revenue is measured based on the consideration specified in a contract with the customer. The Company recognizes revenue when it transfers control over goods or services to a customer. In view of the risks associated with the delivery of its services to and the collection of the amounts due from the customer, the Company considers that it is acting as a principal in these arrangements and, therefore, has recognized the costs and associated revenue on a gross, as opposed to a net basis.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers and the related revenue recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15 (applicable from January 1, 2018)	Revenue recognition under IAS 18 (applicable before January 1, 2018)
Providing IT solutions and services	The invoices for the services provided are usually payable within the period of 30 days.	Revenue is recognized when the performance obligation is satisfied by transferring control of the promised goods or services to the customer. The Company operates in cost-plus model, where it charges the costs it incurs for providing its services plus a margin.	Revenue from rendering of services is recognized when the services are rendered and the amount of work can be measured reliably. The Company operates in cost-plus method, the costs it incurs for providing its services plus a margin

Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets – Policy applicable from January 1, 2018

On initial recognition, a financial asset is classified as measured at amortized cost. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets – Business model assessment: Policy applicable from January 1, 2018

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the Management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether the Management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's Management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from January 1, 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses: Policy applicable from January 1, 2018

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial assets – Policy applicable before January 1, 2018

The Company classified its financial assets as loans and receivable.

Financial assets – Subsequent measurement and gains and losses: Policy applicable before January 1, 2018

Loans and receivables: Measured at amortized cost using the effective interest method.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

De-recognition

Financial assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Share capital

Incremental costs directly attributable to the issuance of ordinary shares are recognized as a deduction from equity.

Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the estimated costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing cost. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognized in the profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in the profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful life unless it is reasonably certain that the Company will obtain ownership by the end of lease term.

The estimated useful lives of property and equipment for current and comparative periods are as follows:

Office equipment and fixtures	2 - 5 years

The depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment

Non-derivative financial assets

Policy applicable from January 1, 2018

Financial instruments

The Company recognizes loss allowances for ECLs on financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for receivables from a related party are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 365 days past due. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Non-derivative financial assets: Policy applicable before January 1, 2018

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:

- 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 would enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

Financial assets measured at amortized cost

The Company considered evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics. In assessing collective impairment, the Company used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was 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 were recognized in profit or loss and reflected in an allowance account. When the Company considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss was reversed through profit or loss.

Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets, investment property and inventories 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.

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.

Provisions

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Operating leases

Payments made under operating leases are recognized in the profit or loss on a straight-line basis over the term of the lease.

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the 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 period. Realized and unrealized foreign exchange differences arising on translation are recognized in the profit or loss.

Provision for end of service 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. Remeasurements are recognized in profit or loss in the period in which they arise.

Employees are not required to contribute to the plan. The employees' end of service benefits is an unfunded obligation.

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after January 1, 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

IFRS 16 Leases

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases – Incentives and SIC 27 Evaluating the Substance of Transactions Involving Legal Form of a Lease.

The standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Company has assessed that the initial application of IFRS 16 will not have any material impact on its financial statements.

Other standards

The following amended standards and interpretations are effective for the reporting period and are not early adopted by the Management and not expected to have a significant impact on the Company's financial statements.

- IFRIC 23 Uncertainty over Tax Treatments.
- Prepayment Features with Negative Compensation (Amendments to IFRS 9).
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28).
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).
- Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards.
- Amendments to References to Conceptual Framework in IFRS Standards.
- IFRS 17 Insurance Contracts.

4 Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- 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, and the Company's Management of capital.

The Board of Directors has an overall responsibility for the Company and oversight of the Company's risk management framework.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is attributable to other receivables, cash at bank and due from a related party. Cash is held with reputable bank. Balance due from a related party is considered fully recoverable by the Management.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk mainly relates to trade and other payables and due to a related party. The Company's approach to managing liquidity is to ensure, as far as possible, to maintain sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates 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.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The majority of the Company's transactions are conducted in UAE Dirhams (AED) and US Dollars (USD). AED is currently pegged to USD, hence the Company has no significant exposure to currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

Capital management

The Board of Directors' policy is to maintain a strong capital base as to maintain shareholders, creditors and market confidence and to sustain future development of the business. There were no changes in the Company's approach to capital management during the year.

5 Staff costs

In AED

Particulars	2018	2017
Salaries and other benefits	39,669,800	42,511,511
Provision for employees' end-of-services benefits (Refer to Note 12)	2,041,493	2,795,498
	41,711,293	45,307,009

6 Administrative and general expenses

In AED

Particulars	2018	2017
Rent expenses	2,222,891	2,222,891
Communication expenses	681,833	748,740
Utilities	519,316	491,707
Travel and entertainment expenses	768,216	978,422
Depreciation (Refer to Note 7)	544,179	508,753
Professional fees	25,244	333,042
Others	261,487	454,932
	5,023,166	5,738,487

7 Property and equipment

In AED

Particulars	Office equipment and fixtures
Cost	
At January 1, 2017	3,031,628
Additions	12,000
At December 31, 2017	3,043,628
At January 1, 2018	3,043,628
Additions	118,137
At December 31, 2018	3,161,765
Depreciation	
At January 1, 2017	1,687,046
Charge for the year	508,753
At December 31, 2017	2,195,799
At January 1, 2018	2,195,799
Charge for the year	544,179
At December 31, 2018	2,739,978
Net book value	
At December 31, 2018	421,787
At December 31, 2017	847,829

8 Other receivables

In AED

Particulars	2018	2017
Prepayments	1,181,953	970,997
Deposits	125,000	125,000
Advance to employees	155,185	193,266
VAT receivable	276,268	–
	1,738,406	1,289,263

9 Related party transactions

The Company in the normal course of business carries out transactions with other business enterprises that fall within the definition of related parties contained in International Accounting Standard No. 24. The transactions among related parties are carried out at terms mutually agreed amongst them.

Significant transactions entered with related parties during the year are:

In AED

Particulars	2018	2017
Income received from the Shareholder for services rendered	49,586,450	53,846,758
Management fees (refer [1] below)	–	1,243,065
Finance cost	129,330	–

[1] This represents top management salaries and other benefits recharged by related party to the Company.

In AED

Due from a related party	2018	2017
CMA CGM SA ('former Shareholder')*	–	16,981,036
Infosys Limited ('the Shareholder')	3,602,373	–
	3,602,373	16,981,036

* Following the change in the shareholder of the Company during 2018, the Management decided to write off the receivable from the former shareholder. An impairment loss of AED 15,525,433 was recorded in the statement of profit and loss.

In AED

Loan from a related party	2018	2017
Infosys Public Services, Inc.	5,634,330	–

The loan is granted by Infosys Public Services, Inc. to finance working capital in relation to the business. The loan amounting to AED 5,505,000 was granted on January 1, 2018. It carry an interest of 2.5% paid on an annual basis and is payable on demand.

10 Cash in hand and at bank

In AED

Particulars	2018	2017
Cash at bank	6,374,017	731,644
	6,374,017	731,644

11 Trade and other payables

In AED

Particulars	2018	2017
Trade payables	51,332	297,721
Accruals	226,131	501,936
Other payables	3,091	367,845
Provision for incentives (i)	1,735,196	2,259,202
Provision for leave accrual (ii)	845,474	535,930
	2,861,224	3,962,634

(i) Movement of the provision for incentives

In AED

Particulars	2018	2017
At January 1,	2,259,202	2,894,776
Provision made during the year	1,390,970	1,145,078
Payments made during the year	(1,914,976)	(1,780,652)
	1,735,196	2,259,202

(ii) Movement of the provision for leave accrual was:

Particulars	2018	2017
	AED	AED
At January 1,	535,930	1,193,578
Provision made during the year	447,994	595,808
Reversal made during the year	(138,450)	(1,253,456)
	845,474	535,930

12 Provision for employees' end-of-service benefits

In AED

Particulars	2018	2017
At January 1,	15,525,433	13,907,678
Included in profit or loss:		
Provision made during the year (Refer to Note 5)	2,041,493	2,795,498
Included in OCI		
Un-recognized actuarial loss	35,770	–
Other		
Payments made during the year	(1,484,830)	(1,177,743)
	16,117,866	15,525,433

The principle actuarial assumptions at the reporting date (expressed as weighted averages) are as follows:

Particulars	2018
Discount rate	4.80%
Future salary growth	4%

Reasonable possible changes at December 31, 2018 to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation. 1% change in discount rate and weighted average rate of compensation levels will result in increase/ decrease of liabilities by AED 1,459,387 and AED 1,468,484, respectively.

13 Share capital

In AED

Particulars	2018	2017
Authorized, issued and paid-up:		
300 shares of AED 1,000 each	300,000	300,000

14 Operating lease commitments

The Company leases office premises under an operating lease. The leases typically run for a period of one year, with an option to renew the lease after that date:

Non-cancellable operating lease rentals are payable as follows:

In AED

Particulars	2018	2017
Due within one year	2,037,650	2,037,650

Rental expense relating to operating leases

Particulars	2018	2017
	AED	AED
Lease rentals recognized during the period	2,222,891	2,222,891

15 Financial instruments

Financial assets of the Company comprise other receivables, due from a related party and cash at bank. Financial liabilities include trade and other payables and loans from a related party. Accounting policies for financial assets are set out in note 3.

(a) Credit risk

Exposure to credit risk

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

In AED

Particulars	2018	2017
Cash at bank	6,374,017	731,644
Due from a related party	3,602,373	16,981,036
Other receivables (excluding prepayments and advances)	401,268	125,000
	10,377,658	17,837,680

Due from related parties and other receivables are considered fully recoverable by the Management.

Bank balances

The Company seeks to limit its credit risk with respect to banks by dealing with reputable banks only.

Amounts due from related parties

Amounts due from related parties arise from transactions in the normal course of business and are stated net of amounts estimated to be uncollectable. These balances are subject to market credit risks which are closely monitored by the Management.

Credit risk is limited to the carrying values of financial assets in the statement of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company maintains adequate reserves, by continuous monitoring, forecast and actual cash flows. The Company does not have any bank loan. Liability comprises of trade and others payables (including incentive accruals).

The following are the contractual maturities of the Company's financial liabilities:

In AED

Particulars	Carrying Amount	Contractual cash flows	1 year or less
December 31, 2018			
Trade and other payables	2,861,224	(2,861,224)	(2,861,224)
Loan from a related party	(5,634,330)	(5,634,330)	(5,634,330)
	8,495,554	(8,495,554)	(8,495,554)
December 31, 2017			
Trade and other payables	3,962,634	(3,962,634)	(3,962,634)

Market rate risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has no significant exposure to currency risk as most of the Company's transactions are in AED.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments includes loan from related parties amounting to AED 5,505,000 (2017: Nil). At the reporting date, the Company is not exposed to interest rate risk as this financial instrument bears a fixed interest rates.

Equity price risk

Equity price risk is the possibility that equity prices will fluctuate affecting the fair value of equity investments and other instruments that derive their value from a particular equity investment or index of equity prices. The Company has no exposure to equity price risk.

Fair value

The fair value of the Company's financial assets and liabilities are not materially different from their carrying amounts as at the reporting date.

16 Capital commitments and contingent liabilities

There are no significant capital commitments as at December 31, 2018.

17 Accounting estimates and judgment

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Residual values and useful lives of property and equipment

The Company's Management has reviewed the residual values and useful lives of property and equipment. Management has not highlighted any requirement for an adjustment to the residual lives and remaining useful lives of the assets for the current or future periods.

Impairment losses on related party balances

The Company reviews its receivables to assess impairment at least on a quarterly basis. The Company's credit risk is primarily attributable to its amounts due from a related party. In determining whether impairment losses should be recognized in the profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Defined benefit plans (pension benefits)

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Impairment losses on receivables

Measurement of ECL allowance for related party receivables

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses).

Elements of the ECL models that are considered accounting judgments and estimates include:

- Development of ECL models, including various formulas and choice of inputs
- The segmentation of financial assets when their ECL is assessed on a collective basis; and
- Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on probability of default (PDs), exposure at default (EADs) and loss given default (LGDs)

Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models. The Company's policy is to regularly review its models in the context of actual loss experience and adjust when necessary.

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Fluido Oy

Auditor’s Report

To the Members of the Annual General Meeting of Fluido Oy

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fluido Oy for the year ended December 31, 2018. The financial statements comprise the balance sheet, income statement and notes for the group as well as the parent company.

In our opinion, the financial statements give a true and fair view of the group’s and the Company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor’s Responsibilities for the Audit of Financial Statements section of my report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we fulfill my 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 the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they 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 Board of Directors and the Managing Director are responsible for assessing the parent company’s and the group’s ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of Financial Statements

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

As part of an audit in accordance with good auditing practice, 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 parent company’s or the group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors’ and the Managing Director’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 parent company’s or the 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 auditor’s 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 auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidenced regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 my audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors. 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 information included in the report of the Board of Directors and, in doing so, consider whether the information included in the report of the Board of Directors is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the report of the Board of Directors, 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.

Auditia Oy
Authorized Public Accountants

Ari Kurjonen
Authorized Public Accountant

Helsinki

February 27, 2019

Information about the Year

Fluido Group is a provider of digital transformation services to companies in Finland, Sweden, Norway and Denmark. Group revenue in 2018 was €28,3 million and profit before tax, € 341.100,26. Group revenue grew by 54.8 % during 2018 and the Company strengthened its market position as leading service provider in the Nordics in Salesforce technology area. The Parent Company, Fluido Oy, revenue was € 19.8 million and profit before tax € 1.6 million.

Company shares

100% of the Company's shares were sold in October 2018 to Infosys Group. Infosys Group is based in Bengaluru and it is listed in New York and Mumbai stock exchanges and has over 200.000 employees. Infosys-Group revenue in 2018 was US$ 11 billion and profit US$ 2,5 billion.

Estimate of risks and uncertainties

Business risks relate mainly to general global economic situation and the impact of economic fluctuations to companies investments.

Estimate of future developments

The year 2019 has started as expected. The Group will aim to grow revenue and profit according to its business plan.

Key ratios

In € thousand

Fluido Oy	January 1 to December 31	
	2018	2017
Revenue	19.807	13.070
Ebitda	1.805	785
Profit before tax	1.636	678
EBIT%	8,6%	5,4%
Equity ratio%	38,7%	36,4%
ROE (%)	37,8%	23,6%

In 1000 euro

Group	January 1 to December 31	
	2018	2017
Revenue	28.256	18.253
Ebitda	419	722
Profit before tax	-341	440
EBIT%	–	2,8 %
Equity ratio%	16,8%	31,6%
ROE (%)	–	13,9%

Personnel

On an average, 219 employees worked at Fluido Group during the year. The salaries and bonuses paid to personnel during the year were €18,8 million.

The Board proposal for dividend distribution

The Board proposes to Annual General Meeting no dividend is distributed.

Fluido Group Balance Sheet

In €

Particulars	As at December 31	
	2018	2017
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Other long-term assets	104 044,18	126 347,44
Goodwill	1 473 952,63	386 231,35
Intangible total	1 577 996,81	512 578,79
Tangible assets		
Machinery and equipment	310 538,82	193 921,20
Tangible total	310 538,82	193 921,20
Investments		
Other shares	0,00	15 000,58
Investment total	0,00	15 000,58
TOTAL NON-CURRENT ASSETS	1 888 535,63	721 500,57
CURRENT ASSETS		
Long-term receivables		
Other long-term receivables	93 247,26	0,00
Total long-term receivables	93 247,26	0,00
Short-term receivables		
Trade debtors	4 798 495,60	4 032 851,67
Other debtors	260 161,56	149 746,72
Prepayments and accrued income	418 871,67	347 963,44
Total short-term receivables	5 477 528,83	4 530 561,83
Cash	3 495 175,17	1 951 943,68
TOTAL CURRENT ASSETS	9 065 951,26	6 482 505,51
Assets total	10 954 486,89	7 204 006,08
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Share capital	2 500,00	375 975,00
Other reserves	1 765 841,93	1 192 781,29
Retained earnings	719 626,93	457 169,93
Profit (loss) of the financial year	-663 738,63	267 234,96
Translation difference	18 888,46	-14 061,15
TOTAL CAPITAL AND RESERVES	1 843 118,69	2 279 100,03
MINORITY SHARE	0,00	0,00
PROVISIONS	62 393,17	31 638,00
CREDITORS		
Short-term creditors		
Loans from credit institutions	0,00	890 160,93
Advances received	333 021,45	448 393,79
Trade creditors	567 063,21	397 148,02
Other creditors	2 165 747,06	1 201 870,35
Accruals and deferred income	5 983 143,31	1 955 694,96
Total short-term creditors	9 048 975,03	4 893 268,05
TOTAL CREDITORS	9 048 975,03	4 893 268,05
Total equity and liabilities	10 954 486,89	7 204 006,08

Fluido Group Profit and Loss

In €

Particulars	January 1 to December 31	
	2018	2017
REVENUE	28 255 988,60	18 253 198,61
Materials and services		
Materials		
Purchases during year	-881 194,96	-740 232,24
Materials total	-881 194,96	-740 232,24
External services		
External services	-1 568 982,59	-1 583 674,85
Materials and services total	-2 450 177,55	-2 323 907,09
Personnel costs		
Salaries	-17 093 634,59	-9 664 241,92
Personnel related costs		
Pension costs	-2 416 535,44	-1 480 363,29
Other social costs	-1 354 806,81	-861 192,72
Total personnel related costs	-3 771 342,25	-2 341 556,01
Total personnel costs	-20 864 976,84	-12 005 797,93
Other expenses	-4 522 254,73	-3 201 598,21
EBITDA	418 579,48	721 895,38
Depreciation		
Depreciation according to plan	-532 041,06	-203 623,55
Depreciation total	-532 041,06	-203 623,55
EBIT	-113 461,58	518 271,83
Financial income and cost		
Other interest income		
Other	11 602,66	3 980,18
Total other financial income	11 602,66	3 980,18
Interest expenses and other financial costs		
To others	-239 241,34	-82 078,50
Total interest expense and other costs	-239 241,34	-82 078,50
Total Financial income and cost	-227 638,68	-78 098,32
PROFIT BEFORE TAX	-341 100,26	440 173,51
Income tax	-322 638,36	-147 497,64
Minority share	0,00	-25 440,90
NET PROFIT (LOSS)	-663 738,63	267 234,96

Fluido Oy Balance Sheet

In €

Particulars	January 1 to December 31	
	2018	2017
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Other long-term assets	94 176,10	126 347,44
Intangible total	94 176,10	126 347,44
Tangible assets		
Machinery and equipment	235 699,04	135 741,01
Total tangible assets	235 699,04	135 741,01
Investments		
Shares in Group companies	1 121 135,54	821 135,54
Receivables from Group companies	245 477,31	245 477,31
Other shares	0,00	15 000,58
Investments total	1 366 612,85	1 081 613,43
NON-CURRENT ASSETS TOTAL	1 696 487,99	1 343 701,88
CURRENT ASSETS		
Receivables		
Long-term receivables		
From Group companies	600 000,00	0,00
Long-term receivables total	600 000,00	0,00
Short-term receivables		
Trade debtors	2 739 400,24	2 442 291,17
Receivables from Group companies	3 203 890,34	2 151 781,65
Other receivables	110 374,13	96 550,68
Prepayments and accrued income	326 952,56	346 801,11
Short-term receivables total	6 380 617,27	5 037 424,61
Total receivables	6 980 617,27	5 037 424,61
Short-term investments		
Short-term investments total	0,00	0,00
Cash	2 158 605,08	1 033 790,90
CURRENT ASSETS TOTAL	9 139 222,35	6 071 215,51
ASSETS TOTAL	10 835 710,34	7 414 917,39
Equity and liabilities		
Share capital		
Share capital	2 500,00	375 975,00
Other reserves	1 760 423,00	1 190 633,00
Other reserves	1 760 423,00	1 190 633,00
Retained earnings	1 132 311,90	601 253,27
Profit (loss) of the financial year	1 304 808,81	531 058,63
Equity total	4 200 043,71	2 698 919,90
Provisions		
Other provisions	60 760,00	30 000,00
Provisions total	60 760,00	30 000,00
Creditors		
Long-term creditors		
Long-term creditors total	0,00	0,00
Short-term creditors		
Loans from credit institutions	0,00	890 160,93
Received advances	333 021,45	438 641,46
Accounts Payable	529 455,97	175 485,17
Group creditors	1 151 898,50	1 079 365,74
Other creditors	974 152,96	624 073,67
Accruals and deferred income	3 586 377,75	1 478 270,52
Short-term creditors total	6 574 906,63	4 685 997,49
Creditors total	6 574 906,63	4 685 997,49
Equity and liabilities total	10 835 710,34	7 414 917,39

Fluido Oy Profit and Loss Statement

In €

Particulars	January 1 to December 31	
	2018	2017
REVENUE	19 807 440,36	13 070 412,73
Materials and services		
Materials		
Purchases during year	-881 194,96	-740 232,24
External services	-1 882 877,24	-1 905 607,89
Materials and services total	-2 764 072,20	-2 645 840,13
Personnel costs		
Salaries	-10 486 489,82	-6 080 442,75
Other personnel related costs total	-1 972 291,08	-1 345 826,83
Pension costs	-1 636 558,48	-1 021 963,21
Other personnel related costs	-335 732,60	-323 863,62
Total personnel costs	-12 458 780,90	-7 426 269,58
Other expenses	-2 779 731,39	-2 213 424,26
EBITDA	1 804 855,87	784 878,76
Depreciation		
Depreciation according to plan	-110 737,67	-77 418,34
Depreciation total	-110 737,67	-77 418,34
EBIT	1 694 118,20	707 460,42
Financial income and cost		
Other interest income		
From others	0,00	-3 678,00
Interest expenses and other financial costs		
To others	-58 149,30	-25 226,15
Total financial income and cost	-58 149,30	-28 904,15
PROFIT BEFORE TAX	1 635 968,90	678 556,27
Income tax	-331 160,09	-147 497,64
NET PROFIT	1 304 808,81	531 058,63

Notes to Annual Accounts

Principles for accounting

Annual Accounts have been prepared according to current legislation and other stipulations regarding preparations of the Accounts.

All subsidiaries Sweden AB, Fluido Norway A/S, Fluido Denmark A/S, Fluido Slovakia s.r.o and Fluido Newco AB have been consolidated into the consolidated accounts. Consolidations have been done according to acquisition method in accounting. All intra group ownership, receivables, debts, internal margins and other transactions have been eliminated.

Valuation principles for assets

Non-current assets are valued at cost minus depreciation.

Receivables and other financials assets have been valued as Accounting Act Chapter 5 Section 2.

Depreciation methods

Asset are depreciated according to plan.

Depreciation schedule is:

Intangibles	5 years
Tangibles	25% residual depreciation
Goodwill	5 years

Profit and Loss Statement Additional Information

Board fees

In €

Group		Fluido Oy	
2018	2017	2018	2017
21 000,00	36 000,00	21 000,00	36 000,00

Auditors fees

In €

Particulars	Group		Fluido Oy	
	2018	2017	2018	2017
Audit	33 417,50	27 115,92	11 000,65	11 180,00
Other services	5 765,00	0,00	5 765,00	0,00
TOTAL	39 182,50	27 115,92	16 765,65	11 180,00

Balance Sheet Additional Information

Non-current assets detail

In €

Particulars	Group		Fluido Oy	
	2018	2017	2018	2017
Non-current assets				
Acq. cost at beginning of year	160 856,70	84 165,09	160 856,70	84 165,09
Additions	14 809,02	76 691,61	0,00	76 691,61
Acq cost 31.12	175 665,72	160 856,70	160 856,70	160 856,70
Accumul. depreciation 1.1	-34 509,26	-2 337,92	-34 509,26	-2 337,92
Depreciation cur. year	-37 112,28	-32 171,34	-32 171,34	-32 171,34
Accumul. depreciation 31.12	-71 621,54	-34 509,26	-66 680,60	-34 509,26
Accounting value 31.12	104 044,18	126 347,44	94 176,10	126 347,44
Goodwill				
Acq. cost at beginning of year	572 525,05	188 471,44	0,00	0,00
Additions	1 470 343,04	384 053,61	0,00	0,00
Acq cost 31.12	2 042 868,09	572 525,05	0,00	0,00
Accumul. depreciation 1.1	-186 293,70	-75 388,58	0,00	0,00
Depreciation cur. year	-382 621,76	-110 905,12	0,00	0,00
Accumul. depreciation 31.12	-568 915,46	-186 293,70	0,00	0,00
Accounting value 31.12	1 473 952,63	386 231,35	0,00	0,00
Machinery and equipment				
Acq. cost at beginning of year	265 729,65	36 498,36	187 977,09	27 952,33
Additions	228 924,63	229 231,29	178 524,36	160 024,76
Acq cost 31.12	494 654,28	265 729,65	366 501,45	187 977,09
Accumul. depreciation 1.1	-71 808,45	-11 261,36	-52 236,08	-6 989,08
Depreciation current year	-112 307,01	-60 547,09	-78 566,33	-45 247,00
Accumul. depreciation 31.12	-184 115,46	-71 808,45	-130 802,41	-52 236,08
Accounting value 31.12	310 538,82	193 921,20	235 699,04	135 741,01

Ownership in other entities

In €

Name and domicile	Share (%)	Book value
Fluido Sweden AB	100%	330 371,06
Fluido Denmark A/S	100%	367 536,17
Fludio Norway A/S	100%	289 288,50
Fluido Slovakia s.r.o	100%	133 939,81

Receivables from group companies

In €

Particulars	2018	2017
Long-term		
Loan receivables	845 477,31	245 477,31
Short-term		
Debtors	2 531 893,41	1 333 854,21
Other receivables	671 996,93	817 927,44
TOTAL	4 049 367,65	2 151 781,65

Changes in equity

In €

Particulars	2018		2017	
	Group	Fluido Oy	Group	Fluido Oy
Share capital	2 500,00	2 500,00	2 500,00	2 500,00
Share issue	0,00	0,00	373 475,00	373 475,00
Other reserves	1 765 841,93	1 760 423,00	1 192 781,29	1 190 633,00
Translation difference	18 888,46	0,00	-14 061,15	0,00
Retained earnings	719 626,93	1 132 311,90	457 169,93	601 253,27
Dividends	0,00	0,00	0,00	0,00
Own share purchase	0,00	0,00	0,00	0,00
Profit for the year	-663 738,63	1 304 808,81	267 234,96	531 058,63
Total available equity	1 840 618,69	4 197 543,71	1 903 125,03	2 322 944,90
TOTAL EQUITY	1 843 118,69	4 200 043,71	2 279 100,03	2 698 919,90

Provisions

In €

Particulars	Group		Fluido Oy	
	2018	2017	2018	2017
Bad debt accrual	62 393,17	31 638,00	60 760,00	30 000,00

Debts to group companies

In €

Particulars	2018	2017
Short-term		
Creditors	1 151 898,50	954 325,00
Other group debt	0,00	125 040,74
TOTAL	1 151 898,50	1 079 365,74

Group transactions

During the financial year, Fluido Oy had group sales worth €1.850.116,65 and group purchases €370.771,00. Sales and purchases have been carried out at normal commercial terms.

Personnel

Average personnel

Group		Fluido Oy	
2018	2017	2018	2017
219	136	133	91

Guarantees and future liabilities

Keva (facilities landlord), rental guarantee for Espoo office €84.663,840. The lease will end on December 31, 2021. Fluido Oy can end lease by giving notice of 6 months and paying 6 months rent. First possible date to give notice is 31.12.2019. Total future rent liability is €510.247,18.

Signatures of the Annual Accounts

Espoo, 13 February / 2019

Kai Mäkelä *Chief Executive Officer*	Ravi Kumar Singisetti *Chairman of the Board*
Dinesh Ramakrishna *Board Member*	Jasmeet Singh *Board Member*

Auditor signature

Audit statement is given on this date

Espoo

February 27, 2019

Ari Kurjonen, KHT

Auditia Oy, publicly certified accounting firm

List of accounting material

Daily Ledger	Electronic
General Ledger	Electronic
Annual Accounts	Electronic/physical
Balance sheet specifications	Electronic/physical

Various accounting material types and method of preserving

Sales invoices	Electronic
Purchase invoices	Electronic
E-invoices	Electronic
Travels expense claims	Electronic
Salaries	Electronic
Bank statements	Electronic
VAT calculations	Electronic
Periodical tax returns	Electronic

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Infosys Compaz Pte. Ltd.

Directors' Statement

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended March 31, 2019.

In our opinion:

(a) the financial statements set out below are drawn up so as to give a true and fair view of the financial position of the Company as at March 31, 2019 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50, Singapore Financial Reporting Standards (International) and International Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorized these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Jonathon Revill Christopher Allaway	(Chairman, appointed on November 16 , 2018)
Andrew Stewart Groth	(Appointed on November 16, 2018)
Salil Satish Parekh	(Appointed on November 16, 2018)
Shveta Arora	(Chief Executive Officer, appointed on November 16, 2018)
Eugene Chehchun Huang	(Appointed on November 16, 2018)
Lim Ming Pey	Appointed as alternate director to Eugene Chehchun Huang on November 16, 2018)

Change of Company Name

During the financial year, the Company changed its name from Trusted Source Pte. Ltd. to Infosys Compaz Pte. Ltd..

Directors' Interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
Andrew Stewart Groth		
Infosys Limited		
Stock Incentive Rewards Program Share Plan		
ADR Option	34,800	34,800
ADR RSU	19,000	41,350
Salil Satish Parekh		
Infosys Limited		
Employee Stock Options (ESOP)	–	65,770
Lim Ming Pey		
Astrea IV Pte. Ltd.		
Class A-1 4.35% Secured Fixed Rate Bonds	SGD70,000	SGD70,000
Mapletree Treasury Services Limited and Mapletree Treasury Services (HKSAR) Limited		
bonds		
interests held	250,000	250,000

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment, if later or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share Options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and
(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under options.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Jonathon Revill Christopher Allaway
Chairman

Shveta Arora
Director & Chief Executive Officer

Date of signing: May 21, 2019

Independent Auditors' Report

Members of the Company

Infosys Compaz Pte. Ltd.

(formerly known as Trusted Source Pte. Ltd.)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Infosys Compaz Pte. Ltd. (formerly known as Trusted Source Pte. Ltd.) (the 'Company'), which comprise the Statement of Financial Position as at March 31, 2019, the Statement of Profit or Loss, and Other Comprehensive Income, Changes in Equity, and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out below.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the 'Act'), Singapore Financial Reporting Standards (International) ('SFRS(I)s') and International Financial Reporting Standards ('IFRSs') so as to give a true and fair view of the financial position of the Company as at March 31, 2019 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS(I)s and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and Chartered Accountants
Singapore

May 21, 2019

Statement of Financial Position

In SG $

Particulars	Note no.	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Assets				
Plant and equipment	4	5,443,627	10,937,524	12,048,027
Subsidiaries	5	–	9,658,377	9,467,377
Derivative asset	6	–	1,816,623	316,623
Deferred tax assets	12	532,225	–	–
Other investments	7	–	1,003,199	–
Trade and other receivables	8	–	4,670,000	2,320,000
Non-current assets		5,975,852	28,085,723	24,152,027
Other investments	7	–	6,873,795	–
Trade and other receivables	8	21,941,421	24,992,023	16,821,661
Cash and cash equivalents	9	10,529,970	11,848,369	24,454,806
Current assets		32,471,391	43,714,187	41,276,467
Total assets		38,447,243	71,799,910	65,428,494
Equity				
Share capital	10	2,600,000	600,000	600,000
Reserves	11	18,517,527	50,838,688	43,277,008
Total equity		21,117,527	51,438,688	43,877,008
Liabilities				
Employee benefits	14	1,813,097	2,855,021	2,031,707
Deferred tax liabilities	12	–	1,519,771	1,856,021
Non-current liabilities		1,813,097	4,374,792	3,887,728
Trade and other payables	13	12,445,677	13,937,742	15,431,872
Employee benefits	14	2,052,795	2,003,116	967,757
Current tax payable		1,018,147	45,572	1,264,129
Current liabilities		15,516,619	15,986,430	17,663,758
Total liabilities		17,329,716	20,361,222	21,551,486
Total equity and liabilities		38,447,243	71,799,910	65,428,494

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

Statement of Profit or Loss and other Comprehensive Income

In SG $

Particulars	Note no.	Years ended March 31,	
		2019	2018
Revenue	16	68,582,518	61,619,059
Cost of sales		(57,742,673)	(52,179,115)
Gross profit		10,839,845	9,439,944
Other income		713,869	1,945,826
Loss from sale of subsidiary		(13,124,643)	–
Administrative expenses		(8,841,235)	(10,861,388)
Results from operating activities		(10,412,164)	524,382
Interest income		37,798	89,972
(Loss)/ profit before income tax	17	(10,374,366)	614,354
Income tax expense	18	(868,216)	(386,060)
(Loss)/ profit for the year		(11,242,582)	228,294
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Net change in fair value of available-for-sale financial assets		–	244,791
Net change in fair value of debt investments at FVOCI		(78,340)	–
Disposal of debt investments at FVOCI		(795,454)	–
Other comprehensive income for the year, net of income tax		(873,794)	244,791
Total comprehensive income for the year		(12,116,376)	473,085

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

Statement of Changes in Equity

In SG $

Particulars	Share capital	Fair value reserve	Merger reserve	Accumulated profits	Total equity
At April 1, 2017	600,000	629,003	(1,808,079)	44,456,084	43,877,008
Total comprehensive income for the year					
Profit for the year	–	–	–	228,294	228,294
Other comprehensive income					
Net change in fair value of available-for-sale financial assets	–	244,791	–	–	244,791
Total other comprehensive income	–	244,791	–	–	244,791
Total comprehensive income for the year	–	244,791	–	228,294	473,085
Transactions with owner of the Company, recorded directly in equity					
Contributions by and distributions to owner of the Company					
Final tax-exempt dividend paid of $1.00 per share in respect of year 2018	–	–	–	(1,970,703)	(1,970,703)
Share-based payment transactions	–	–	4,267,392	4,791,906	9,059,298
Total transactions with owner	–	–	4,267,392	2,821,203	7,088,595
At March 31, 2018	600,000	873,794	2,459,313	47,505,581	51,438,688
At April 1, 2018	600,000	873,794	2,459,313	47,505,581	51,438,688
Adjustment on initial application of SFRS(I) 9 (net of tax)	–	–	–	–	–
Adjusted balance as at April 1,, 2018	600,000	873,794	2,459,313	47,505,581	51,438,688
Total comprehensive income for the year					
Loss for the year	–	–	–	(11,242,582)	(11,242,582)
Other comprehensive income					
Realisation of merger reserve	–	–	(2,459,313)	2,459,313	–
Disposal of debt investments at FVOCI reclassified to profit or loss	–	(795,454)	–	–	(795,454)
Net change in fair value of debt investments at FVOCI	–	(78,340)	–	–	(78,340)
Total other comprehensive income	–	(873,794)	(2,459,313)	2,459,313	(873,794)
Total comprehensive income for the year	–	(873,794)	(2,459,313)	(8,783,269)	(12,116,376)
Transactions with owner of the Company, recorded directly in equity					
Contributions by and distributions to owner of the Company					
Final tax-exempt dividend paid of $1.00 per share in respect of year 2019	–	–	–	(15,204,785)	(15,204,785)
Dividend declared	–	–	–	(5,000,000)	(5,000,000)
Issue of ordinary shares	2,000,000	–	–	–	2,000,000
Total transactions with owner	2,000,000	–	–	(20,204,785)	(18,204,785)
At March 31, 2019	2,600,000	–	–	18,517,527	21,117,527

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

Statement of Cash Flows

In SG $

Particulars	Note no.	Years ended March 31, 2019	2018
Cash flows from operating activities			
(Loss)/ profit before income tax		(10,374,366)	614,354
Adjustments for:			
Transfer of business services to related corporation		(17,857)	–
Depreciation of plant and equipment	4	4,862,745	4,988,994
Loss on sale of subsidiary		13,142,500	–
Plant and equipment written off		1,113,660	544,950
Loss on fair value of financial assets at fair value		–	(1,500,000)
Fair value gain on debt investments at FVOCI at disposal		(795,454)	–
Impairment of quoted debt securities held to maturity		–	49,249
Interest income		(37,798)	(89,942)
		7,893,430	4,607,605
Changes in working capital:			
Trade and other receivables		8,196,260	(5,927,074)
Contract assets		(2,709,009)	(1,622,683)
Trade and other payables		(2,236,292)	(6,208,204)
Contract liabilities		(910,454)	1,541,521
Employee benefits		(215,859)	1,360,833
Cash generated from operating activities		10,018,076	(6,248,002)
Income tax paid		(1,947,636)	(1,988,401)
Net cash used in operating activities		8,070,439	(8,236,403)
Cash flows from investing activities			
Purchase of plant and equipment	4	(1,044,177)	(4,851,889)
Loan to subsidiary		(1,997,500)	(2,350,000)
Purchase of other investments		–	(6,629,004)
Interest income received		62,669	155,036
Amalgamation of entity under common control, net of cash acquired		–	11,467,526
Proceeds from disposal of equity instruments at FVOCI		6,795,454	–
Investment in a subsidiary		–	(191,000)
Transfer of business services, net of cash transferred		(499)	–
Net cash from/ (used in) investing activities		3,815,947	(2,399,331)
Cash flows from financing activities			
Dividends paid		(15,204,785)	(1,970,703)
Proceeds from issue of share capital		2,000,000	–
Net cash used in financing activities		(13,204,785)	(1,970,703)
Net increase in cash and cash equivalents		(1,318,399)	(12,606,437)
Cash and cash equivalents at April 1,		11,848,369	24,454,806
Cash and cash equivalents at March 31,	9	10,529,970	11,848,369

Significant non-cash transaction

During the year, the Company has disposed of its subsidiary, Deep Identity Pte Ltd for a consideration of $5,000,000. The sale consideration was settled by a way of offsetting against the dividend-on-species issued by its related corporation to its immediate holding company.

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

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorized for issue by the Board of Directors on May 21, 2019.

1 Domicile and activities

Infosys Compaz Pte. Ltd. (formerly known as Trusted Source Pte. Ltd.) ('the Company') is a company incorporated in the Republic of Singapore. The address of the Company's registered office is 401 Commonwealth Drive #05-01 Haw Par Techno Centre, Singapore 149598.

The principal activities of the Company are those relating to the provision of computer consultancy services.

The immediate holding company at the end of the financial year was Infosys Consulting Pte Ltd., a company incorporated in the Republic of Singapore. The ultimate holding company was Infosys Limited, a company incorporated in India.

In prior year, the immediate and ultimate holding companies were Temasek Management Services Pte Ltd and Temasek Holdings (Private) Limited respectively. Both companies are incorporated in the Republic of Singapore.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ('SFRS(I)s') and International Financial Reporting Standards ('IFRSs'). SFRS(I)s are issued by the Accounting Standards Council, which comprise standards interpretations that are equivalent to IFRSs issued by the International Accounting Standards Board.

All references to SFRS(I)s and IFRSs are subsequently referred to as SFRS(I)s in these financial statements unless otherwise specified.

Adoption of SFRS(I)

These are the Company's first financial statements prepared in accordance with SFRS(I)s and SFRS(I)s 1 First-time Adoption of Singapore Financial Reporting Standards (International) has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore ('FRSs'). An explanation of how the transition to SFRS(I)s has affected the reported financial position, financial performance and cash flows is provided in Note 24.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I)s and IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information on areas involving a higher degree of judgement or areas where estimates are significant, to the financial statements is set out in note 23.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I)s statements of financial position at April 1, 2018 for the purposes of the transition to SFRS(I)s, unless otherwise indicated.

The accounting policies have been applied consistently by the Company.

3.1 Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

The investment in subsidiaires was disposed to a related corporation during the year. In the prior year, Company did not prepare a set of consolidated financial statements as the Company was itself a wholly owned subsidiary of Temasek Management Services Pte Ltd which presents consolidated financial statements. The consolidated financial statements of Temasek Management Services Pte Ltd are available at 111 Somerset Road #14-31, TripleOne Somerset, Singapore 238164.

3.2 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from April 1,, 2018

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investments at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment – Policy applicable from April 1,, 2019

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from April 1, 2019.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from April 1, 2019.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit and loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Non-derivative financial assets – Policy applicable before April 1, 2019

The Company classifies non-derivative financial assets into the following categories: financial assets at FVTPL, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before April 1, 2019

Held-to-maturity financial assets

If the Company had the positive intent and ability to hold debt investments to maturity, then such financial assets were classified as held-to-maturity. Held-to-maturity financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets were measured at amortized cost using the effective interest method, less any impairment losses.

Held-to-maturity financial assets comprised debt investments.

Loans and receivables

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

Loans and receivables comprised cash and cash equivalents, and trade and other receivables.

Available-for-sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were designated as available-for-sale or were not classified in any of the above categories of financial assets. Available-for-sale financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they were measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on available-for-sale debt investments, were recognized in OCI and accumulated in the fair value reserve in equity. When these amounts were derecognized, the gain or loss accumulated in equity was reclassified to profit or loss.

Available-for-sale financial assets comprised equity investments and debt investments.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Directly attributable transaction costs are recognized in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. These financial liabilities comprised of trade and other payables.

(iii) Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its Statement of Financial Position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Positionwhen, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition 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.

(vi) 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

Recognition and measurement

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the costs of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, estimated costs of dismantling and removing the items and restoring the site on which they are located when the Company has an obligation to remove the asset or restore the site, and capitalized borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of 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.

Subsequent costs

The cost of replacing a component 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 component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The costs of the day-to-day servicing of plant and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized in the profit or loss on a straight-line basis to write down the cost of plant and equipment to its estimated residual value over the estimated useful lives (or lease term, if shorter) of each part of an item of plant and equipment.

Depreciation is recognized from the date that the plant and equipment are installed and ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. No depreciation is provided on construction work-in-progress until the related plant and equipment is ready for use.

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

Leasehold improvements	5 years
Computers and softwares	2 to 5 years
Office furniture and equipment	5 years

Depreciation methods, useful lives and residual values are reviewed and adjusted, as appropriate, at each Balance Sheet date.

3.4 Impairment

(i) Non-derivative financial assets and contract assets

Policy applicable from April 1, 2019

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized costs; and
- contract assets (as defined in SFRS(I) 15).

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Company applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Company applies the general approach to provide for ECLs on all other financial instruments and Financial Guarantee Contracts ('FGCs'). Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company considers a financial asset to be in default when

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than a reasonable number of days past due

The Company considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

The Company considers a FGC to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Company in full, without recourse by the Company to actions such as realising security (if any is held). The Company only applies a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or is more than a reasonable number of days past due
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the Statement of Financial Position

Loss allowances for financial assets measured at amortized cost and contract assets are deducted from the gross carrying amount of these assets.

For debt investments at FVOCI, loss allowances are charged to profit or loss and recognized in OCI.

Loss allowances for FGC are recognized as a financial liability to the extent that they exceed the initial carrying amount of the FGC less the cumulated income recognized.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Policy applicable before April 1, 2019

A financial asset not carried at FVTPL, including an interest in an associate and joint venture, was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event(s) had occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that could be estimated reliably.

Objective evidence that financial assets (including equity investments) were impaired included 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 would 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 was objective evidence of impairment. The Company considered a decline of 20% to be significant and a period of 9 months to be prolonged.

Loans and receivables, contract assets and held-to-maturity investment securities

The Company considered evidence of impairment for loans and receivables, contract assets and held-to-maturity investment securities at both an individual asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognized in profit or loss and reflected in an allowance account. When the Company considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss was reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets were recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The amount reclassified was the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss recognized previously in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increased and the increase was related objectively to an event occurring after the impairment loss was recognized, then the impairment loss was reversed through profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale were not reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually 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 (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each Balance Sheet date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

3.5 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity 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 benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

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

3.6 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, and a reliable estimate can be made of the amount of the obligation.

3.7 Revenue

Revenue from professional services and information technology services in the ordinary course of business are recognized when the Company satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognized is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods and services. The individual standalone selling price of a good and service that has not been previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/ or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

Transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised goods and services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Company does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognized at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognized based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

3.8 Leases

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.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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 that 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 charge on the liability is recognized using the Company's incremental borrowing rate.

3.9 Interest income

Interest income comprises interest income on funds invested in held-to-maturity financial assets and fixed deposits. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have been credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.10 Tax

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Balance Sheet date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income losses, 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 the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries, associates, and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the Balance Sheet date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the Balance Sheet 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, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

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.

3.11 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in Note 25.

4 Plant and equipment

In SG $

Particulars	Leasehold improvements	Computers and software	Office furniture and equipment	Asset under construction	Total
Cost					
At March 31, 2017	854,201	24,963,342	180,248	1,055,053	27,052,844
Amalgamation of entity under common control	185,483	54,614	125,949	–	366,046
Additions	808,218	3,110,126	24,500	475,086	4,417,930
Disposals	(185,484)	(23,240)	(125,585)	(544,950)	(879,259)
At March 31, 2018 and April 1, 2018	1,662,418	28,104,842	205,112	985,189	30,957,561
Reclassifications	1,935	325,099	–	(327,034)	–
Additions	106,187	715,870	–	222,120	1,044,177
Disposal to related corporation	–	(1,245,306)	(601)	–	(1,245,907)
Written off	–	(3,029,040)	–	(843,109)	(3,872,149)
At March 31, 2019	1,770,540	24,871,465	204,511	37,166	26,883,682
Accumulated depreciation					
At March 31, 2017	375,632	14,529,535	99,650	–	15,004,817
Amalgamation of entity under common control	185,483	49,103	125,949	–	360,535
Depreciation for the year	415,064	4,534,996	38,934	–	4,988,994
Disposals	(185,484)	(23,240)	(125,585)	–	(334,309)
At March 31, 2018 and April 1, 2018	790,695	19,090,394	138,948	–	20,020,037
Depreciation for the year	455,518	4,363,899	43,328	–	4,862,745
Disposal to related corporation	–	(683,637)	(601)	–	(684,238)
Written off	–	(2,758,489)	–	–	(2,758,489)
At March 31, 2019	1,246,213	20,012,167	181,675	–	21,440,055
Carrying amounts					
At April 1, 2017	478,569	10,433,807	80,598	1,055,053	12,048,027
At March 31, 2018	871,723	9,014,448	66,164	985,189	10,937,524
At March 31, 2019	524,327	4,859,298	22,836	37,166	5,443,627

5 Subsidiaries

In SG $

Particulars	As at March 31,		As at April 1,
	2019	2018	2017
Subsidiaries			
Equity investments, at cost	–	9,658,377	9,467,377

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activity	Country of incorporation	Ownership interest		
			As at March 31,		As at April 1,
			2019	2018	2017
			%	%	%
Deep Identity Pte Ltd	Information technology services	Singapore	–	57	63
Held under Deep Identity Pte Ltd:					
Deep Identity India Pvt. Ltd.	Information technology services	India	–	57	63
Deep Identity Limited	Information technology services	United Kingdom	–	–	63

During the year, the Company disposed its wholly owned subsidiary, Deep Identity Pte Ltd to its related corporation, Trusted Services Pte Ltd. (See note 21)

6 Derivative asset

In SG $

Particulars	As at March 31,		As at April 1,
	2019	2018	2017
Fair value of call option	–	1,816,623	316,623

During the year, the Company transferred its call option to its related corporation, Trusted Services Pte Ltd. (See note 21)

7 Other investments

In SG $

Particulars	As at March 31,		As at April 1,
	2019	2018	2017
Non-current investments			
Quoted debt securities held-to-maturity	–	1,003,199	–
Current investments			
Available-for-sale unquoted unit trusts	–	6,873,794	–
Quoted debt securities held-to-maturity	–	250,000	–
Impairment losses	–	(249,999)	–
	–	6,873,795	–
	–	7,876,994	–

The Company's exposure to credit and interest rate risks related to other investments is disclosed in note 15.

8 Trade and other receivables

In SG $

Particulars	Note no.	As at March 31,		As at April 1,
		2019	2018	2017
Non-current asset				
Loan due from a subsidiary		–	4,670,000	2,320,000
Current assets				
Trade receivables				
Ultimate holding company		–	13,894,429	9,460,656
Immediate holding company		–	35,915	62,678
Related corporations		11,082,760	3,615,502	4,102,669
Third parties		1,620,606	1,730,125	662,932
	16	12,703,366	19,275,971	14,288,935
Contract assets	16	4,376,092	1,667,083	44,400
Deposits		250,272	314,390	247,436
Interest receivable		–	24,871	–
Other receivables		–	248,162	36,500
Non-trade amounts due from				
Ultimate holding company		–	100,231	–
Immediate holding company		–	214,415	–

Particulars	Note no.	As at March 31,		As at April 1,
		2019	2018	2017
Related corporations		–	116,127	–
Subsidiary		–	224,417	147,877
		17,329,730	22,185,667	14,765,148
Prepayments		4,611,691	2,806,356	2,056,513
		21,941,421	24,992,023	16,821,661

Loan due from a subsidiary was unsecured, bore interest at a fixed rate of 5% per annum and repayable on 30 June 2020 During the year, the Company transferred its loan due from subsidiary to its related corporation, Trusted Services Pte Ltd.

The non-trade amounts due from ultimate holding company, immediate holding company, related corporations and subsidiary were unsecured, interest free and repayable on demand.

9 Cash and cash equivalents

In SG $

Particulars	As at March 31,		As at April 1,
	2019	2018	1 Apr2017
Cash at banks	10,529,970	10,223,971	10,825,803
Fixed deposits	–	1,624,398	13,629,003
	10,529,970	11,848,369	24,454,806

The weighted average effective interest rate relating to cash and cash equivalents at the Balance Sheet date for the Company are 0% (2018: 0.14%; 1 Apr 2017: 0.16%) per annum.

Included in the Company's cash and cash equivalents are amounts of $10,383,361 (2018: $9,344,761; 1 Apr 2017: $23,220,274) placed with financial institutions who are also related corporations.

10 Share capital

In SG $

Particulars	As at March 31,		As at April 1,
	2019	2018	2017
	No. of shares	No. of shares	No. of shares
Ordinary shares			
At April 1, and March 31,	1,000,000	600,000	600,000

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

All issued shares are fully paid.

11 Reserves

In SG $

Particulars	As at March 31,		As at April 1,
	2019	2018	2017
Fair value reserve	–	873,794	629,003
Merger reserve	–	2,459,313	(1,808,079)
Accumulated profits	18,517,527	47,505,581	44,456,084
	18,517,527	50,838,688	43,277,008

Fair value reserve

The fair value reserve comprised the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognized or impaired.

Merger reserve

Merger reserve represented the difference between consideration payable and the share of net assets acquired in connection with the corporate reorganisation under common control. The merger reserves was transferred to retained earnings in the current year subsequent to the divestment of certain businesses to its related corporation, Trusted Services Pte. Ltd (note 21).

12 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable as follows:

In SG $

Particulars	Assets			Liabilities		
	As at March 31,		As at April 1,	As at March 31,		As at April 1,
	2019	2018	2017	2019	2018	2017
Plant and equipment	–	–	–	638,934	1,683,287	1,970,526
Employee benefits	(1,136,525)	(163,516)	(114,488)	–	–	–
Others	(34,634)	–	(17)	–	–	–
Deferred tax (assets)/ liabilities	(1,171,159)	(163,516)	(114,505)	638,934	1,683,287	1,970,526
Set off of tax	638,934	163,516	114,505	(638,934)	(163,516)	(114,505)
Net deferred tax (assets)/ liabilities	(532,225)	–	–	–	1,519,771	1,856,021

Movement in deferred tax balances during the year:

In SG $

Particulars	At April 1, 2017	Recognized in profit or loss (note 18)	At March 31, 2018	Recognized in profit or loss (note 18)	At March 31, 2019
Plant and equipment	1,970,526	(287,239)	1,683,287	(1,044,353)	638,934
Employee benefits	(114,488)	(49,028)	(163,516)	(973,009)	(1,136,525)
Others	(17)	17	–	(34,634)	(34,634)
	1,856,021	(336,250)	1,519,771	(2,051,996)	(532,225)

13 Trade and other payables

In SG $

Particulars	Note no.	As at March 31,		As at April 1,
		2019	2018	1 Apr2017
Trade payables				
Ultimate holding company		966,057	–	–
Related corporations		1,196,220	170,758	–
Subsidiary		–	22,646	–
Third parties		2,161,682	1,191,894	4,446,905
Other payables		777,037	783,894	1,048,328
Accruals		6,462,069	8,316,115	9,425,586
Accruals for acquisition of plant and equipment		–	–	433,959
Non trade payables:				
Ultimate holding company		174,451	–	–
immediate holding company		–	1,833,820	–
Contract liabilities	16	708,161	1,618,615	77,094
		12,445,677	13,937,742	15,431,872

Non-trade amounts due to immediate holding company are unsecured, interest-free and repayable on demand.

The Company's exposure to liquidity risk related to trade and other payables is disclosed in note 15.

14 Employee benefits

In SG $

Particulars	As at March 31,	
	2019	2018
Current		
Short-term accumulating compensated absences	647,255	961,860
Training plan	888,540	177,010
Bonus plan	517,000	864,246
	2,052,795	2,003,116
Non-current		
Training plan	888,540	177,010
Bonus plan	924,557	2,678,011
	1,813,097	2,855,021

15 Financial instruments

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, and the Company's management of capital.

Risk management framework

The Board of Directors oversees the management in monitoring compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loans and receivables. The Company does not hold any collateral in respect of their financial assets.

Exposure to credit risk

The carrying amounts of cash and cash equivalents held by the Company represent its maximum credit exposure on these assets. Cash and fixed deposits are placed with banks and financial institutions which are regulated. At the Balance Sheet date, 100% (2018: 86%; 1 Apr 2017: 42%) of the Company's cash and cash equivalents are placed with financial institutions with credit-rating of A-1 and above.

The Company limits its exposure to credit risk by mainly investing in debt securities and low risk funds managed by Singapore financial institutions.

Other than the above, there were no other concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Expected credit loss assessment for trade and other receivable as at April 1, 2018 and March 31, 2019

The Company uses a provision matrix to measure the lifetime credit loss allowance for trade receivable. In measuring the expected credit losses, trade receivable are grouped based on shared credit risk characteristics such as customer types and days past due.

In calculating the expected credit loss rates, the Company considers loss rates for each category of customers, based on actual credit loss experience for the last three years. The resultant impact arising from expected credit loss was not material.

The information about the exposure to credit risk for trade receivables for individual customers as at March 31, 2019 is as follows:

In SG $

Particulars	Gross carrying amount	Impairment loss allowance	Net
Current (not past due)	16,053,641	–	16,053,641
1 – 30 days past due	268,063	–	268,063
31 – 60 days past due	191,878	–	191,878
More than 60 days past due	816,148	–	816,148
	17,329,730	–	17,329,730

Movement in allowance for impairment in respect of trade receivables

In SG $

Particulars	Individual impairments
At April 1, 2017 per FRS 39	90
Reversal of impairment losses previously recognized	–
At March 31, 2018 per FRS 39	90
At April 1, 2018 per FRS 39	90
Adjustment on initial application of SFRS(I) 9	–
At April 1, 2018 per SFRS(I) 9	90
Impairment loss recognized	–
Reversal of impairment losses to related corporation previously recognized	(90)
At March 31, 2019 per SFRS(I) 9	–

An amount $90 of impairment losses previously recognized in 2017 were reversed in 2019 following the transfer of business services.

Comparative information under FRS 39

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of loans and receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The ageing of trade and other receivables as at March 31, 2018 was as follows:

In SG $

Particulars	Gross carrying amount	Impairment loss allowance	Net
Current (not past due)	13,772,224	–	13,772,224
1 – 30 days past due	6,832,471	–	6,832,471
31 – 60 days past due	1,416,701	–	1,416,701
More than 60 days past due	4,834,361	(90)	4,834,271
	26,855,757	(90)	26,855,667

The ageing of trade and other receivables as at April 1, 2017 was as follows:

In SG $

Particulars	Gross carrying amount	Impairment loss allowance	Net
Current (not past due)	10,607,056	–	10,607,056
1 – 30 days past due	3,667,909	–	3,667,909
31 – 60 days past due	376,514	–	376,514
More than 60 days past due	2,433,759	(90)	2,433,669
	17,085,238	(90)	17,085,148

The Company believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historic payment behaviour and analysis of customer credit risk, including underlying customers' credit ratings, when available.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Exposure to liquidity risk

The contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements are as follows:

In SG $

Particulars	Within 1 year
March 31, 2019	
Non-derivative financial liability	
Trade and other payables	12,445,677
March 31, 2018	
Non-derivative financial liability	
Trade and other payables	13,937,742
April 1, 2017	
Non-derivative financial liability	
Trade and other payables	15,431,872

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

As at Balance Sheet date, the Company is not exposed to significant currency risks.

Interest rate risk

At the Balance Sheet date, the interest rate profile of the interest-bearing financial instruments was:

In SG $

Particulars	Note no.	As at March 31,		As at April 1,
		2019	2018	2017
Fixed rate instruments				
Quoted debt securities held-to-maturity	7	–	1,003,200	–
Fixed deposits	9	–	1,624,398	13,629,003
		–	2,627,598	13,629,003

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss due to the short term nature of the investments. Therefore, a change in interest rates at the Balance Sheet date would not affect profit or loss and equity.

Equity price risk

Equity price risk arises from available-for-sale unquoted unit trusts held for investments. Management of the Company monitors the mix of debt securities and unit trusts in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors.

As at Balance Sheet date, the Company are not exposed to significant equity price risk.

Capital management

The capital management of the Company is determined and managed by the immediate holding company as part of the operations of the Company. The Company's capital comprises its share capital and accumulated profits.

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.

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Particulars	Note no.	Financial assets at amortized costs	Other financial liabilities	Total
Financial assets not measured at fair value				
Trade and other receivables (excluding prepayments)	8	17,329,730	–	17,329,730
Cash and cash equivalents	9	10,529,970	–	10,529,970
		27,859,700	–	27,859,700
Financial liabilities not measured at fair value				
Trade and other payables	13	–	12,445,677	12,445,677

In SG $

Particulars	Note no.	Carrying amount						Fair value			
		Loans and receivables	Fair value – derivative asset	Available-for-sale	Held-to-maturity	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
March 31, 2018											
Financial assets measured at fair value											
Derivative asset	6	–	1,816,623	–	–	–	1,816,623	–	–	1,816,623	1,816,623
Available-for-sale - unquoted unit trusts	7	–	–	6,873,794	–	–	6,873,794	–	6,873,794	–	6,873,794
		–	1,816,623	6,873,794	–	–	8,690,417				
Financial assets not measured at fair value											
Quoted debt securities held-to-maturity	7	–	–	–	1,003,200	–	1,003,200				
Trade and other receivables (excluding prepayments)	8	26,855,667	–	–	–	–	26,855,667				
Cash and cash equivalents	9	11,848,369	–	–	–	–	11,848,369				
		38,704,036	–	–	1,003,200	–	39,707,236				
Financial liabilities not measured at fair value											
Trade and other payables	13	–	–	–	–	13,937,742,	13,937,742,				

Particulars	Note no.	Carrying amount						Fair value			
		Loans and receivables	Fair value – derivative asset	Available-for-sale	Held-to-maturity	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
April 1, 2017											
Financial assets measured at fair value											
Derivative asset	6	–	316,623	–	–	–	316,623	–	–	316,623	316,623
Financial assets not measured at fair value											
Trade and other receivables (excluding prepayments)	8	17,085,148	–	–	–	–	17,085,148				
Cash and cash equivalents	9	24,454,806	–	–	–	–	24,454,806				
		41,539,954	–	–	–	–	41,539,954				
Financial liabilities not measured at fair value											
Trade and other payables	13	–	–	–	–	15,431,872	15,431,872				

Measurement of fair values

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- 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 asset or liability that are not based on observable market data (unobservable inputs).

(i) Valuation techniques and significant unobservable inputs

The valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used:

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
2018; Available-for-sale - unquoted unit trusts	The fair values of unquoted financial assets are based on bid prices provided by brokers or valuation provided by professional fund managers. These financial assets are in diversified portfolios of various asset classes managed by professional fund managers.	Not applicable	Not applicable
Derivative asset	The discounted cash flows valuation model considers present value of the cash flows expected to be generated by the acquiree. The expected net cash flows are discounted using a risk-adjusted discount rate.	Discount rate of nil (2018: 34.1%).	The estimated fair value would increase (decrease) if: the discount rate was higher (lower).

Level 3 Fair values

Derivative asset

The fair value of the call option is classified as a level 3 instrument. Key assumptions are set out in note 21.

The reconciliation from the opening balances to the ending balances for Level 3 fair values is as follows:

In SG $

At April 1, 2017	316,623
Fair value changes recognized in profit or loss	1,500,000
At March 31, 2018	1,816,623
At April 1, 2018	1,816,623
Disposal of derivative asset (see note 22)	(1,816,623)
At March 31, 2019	–

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the Balance Sheet date. For bank borrowings, the market rate of interest is determined by reference to current market bank rates for loans of similar nature.

Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate theirs fair values because of the short period of maturity.

16 Revenue

In SG $

Particulars	As at March 31,	
	2019	2018
Professional services fee income	15,519,153	11,623,856
Electronic Polling Services	1,624,199	2,560,750
Smart messaging services fee income	11,235,476	7,674,381
Utility computing services fee income	23,073,289	18,648,197
IT security services fee income	9,654,984	7,098,794
Corporate secretariat income	3,842,855	6,635,658

Particulars	As at March 31,	
	2019	2018
Finance services income	2,560,158	5,433,625
HR services income	1,072,404	1,943,798
	68,582,518	61,619,059

The following tables provide information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Revenue stream

Nature of goods or services	The company generates revenue from providing IT consultancy (which includes professional service, Electronic polling services, Smart messaging services, Utility computing services and IT security services), Finance, HR and Company secretary services.
When revenue is recognized	Revenue is recognized when these services are delivered to the customer and all criteria for acceptance have been satisfied. These contracts qualify for over time revenue recognition and the Company generally has enforceable rights to payment for performance completed till date. The stage of completion is assessed by reference to the contract costs incurred till date in proportion to the total estimated contract costs of each contract.
Significant payment terms	Payment is due when services are rendered to the customers or when milestones are met or progress billing to the customer are based on a payment schedule in the contract that is dependent on the achievement of specified milestones. If the value of the services rendered exceeds the payments received from the customer, a contract asset is recognized.
Obligations for returns and refunds, if any	Revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted based on availability of supporting documents. The company reviews its estimate of revenue at each reporting date and updates the amounts of the assets and liabilities accordingly.

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

In SG $

Particulars	IT consultancy		Corporate secretariat		Finance services		HR services		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Primary geographical markets										
Singapore	61,107,101	47,605,978	3,842,855	6,635,658	2,560,158	5,433,625	1,072,404	1,943,798	68,582,518	61,619,059
Major products/ service line										
Sale of services	61,107,101	47,605,978	3,842,855	6,635,658	2,560,158	5,433,625	1,072,404	1,943,798	68,582,518	61,619,059
Timing of revenue recognition										
Products and services transferred over time	61,107,101	47,605,978	3,842,855	6,635,658	2,560,158	5,433,625	1,072,404	1,943,798	68,582,518	61,619,059

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

In SG $

Particulars	Note no.	As at March 31,		As at April 1,
		2019	2018	2017
Trade receivables	8	12,703,366	19,275,971	14,288,935
Contract assets	8	4,376,092	1,667,083	44,400
Contract liabilities	13	(708,159)	(1,618,615)	(77,094)
		16,371,299	19,324,439	14,256,241

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date on services rendered and project completion. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Company invoices the customer.

The contract liabilities primarily relate to advance consideration received from customers for projects over a period of time;

Significant changes in the contract assets and the contract liabilities balances during the year are as follows:

In SG $

Particulars	Contract assets		Contract liabilities	
	As at March 31,		As at March 31,	
	2019	2018	2019	2018
Revenue recognized that was included in the contract liability balance at the beginning of the year	–	–	1,618,615	77,094
Increase due to cash received, excluding amounts recognized as revenue during the year	–	–	(708,159)	(1,618,615)
Changes in measurement of progress	2,709,009	1,622,683	–	–

Actual agreements and service orders are used to estimate the total contract costs to complete. In making these estimates, management has relied on the expertise of project managers as well as timesheets to determine the progress of the projects. The estimated total contract costs are reviewed every reporting period and adjusted where necessary, with the corresponding adjustment to profit margin being recognized prospectively from the date of change.

Transaction price allocated to the remaining performance obligations

The revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date:

In SG $

Particulars	2020	Total
TCM Transition to Cloud	7,784,948	7,784,948

Variable consideration that is constrained and therefore not included in the transaction price is excluded from the amount presented above.

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Company has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognizes revenue in that amount.

17 Profit before income tax

The items have been included in arriving at profit before income tax are as follows:

In SG $

Particulars	As at March 31,	
	2019	2018
Fair value gain on derivative asset	–	(1,500,000)
Depreciation of plant and equipment	4,862,745	4,988,994
Plant and equipment written off	1,113,660	544,950
Directors' fees	60,000	100,000
Interest income from fixed deposits	(7,872)	(45,813)
Interest income from quoted debt securities held to maturity	–	(44,129)
Interest income from debt investments at FVOCI	(29,926)	–
Staff costs	33,737,801	35,676,654
Contributions to defined contribution plans, included in staff costs	2,209,514	2,422,413
Provision made for unconsumed leave	237,319	251,864
Impairment on quoted debt securities held to maturity	–	49,249
Foreign exchange loss/ (gain)	25,911	(53,035)
Operating lease expense	956,362	687,892

18 Income tax expense

In SG $

Particulars	Note no.	As at March 31, 2019	2018
Current tax expense			
Current year		938,548	747,310
Under/ (over) provision in prior years		1,981,664	(25,000)
		2,920,212	722,310
Deferred tax expense			
Origination and reversal of temporary differences	12	(2,051,996)	(336,250)
Income tax expense		868,216	386,060
Reconciliation of effective tax rate			
Loss before income tax		(10,374,366)	614,354
Income tax using Singapore tax rate of 17% (2018: 17%)		(1,763,642)	104,440
Tax incentives		(188,769)	(113,442)
Non-deductible expenses		936,723	700,902
Income not subject to tax		(97,760)	(280,840)
Under/ (over) provision in prior years		1,981,664	(25,000)
		868,216	386,060

19 Commitments

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In SG $

Particulars	As at March 31,		As at April 1,
	2019	2018	2017
Within one year	937,674	914,473	25,398
Between one and five years	108,536	1,056,315	1,200
	1,046,210	1,970,788	26,598

The Company leases office premises under an operating lease. The office premises lease runs for a period of 3 years with an option to renew the lease after that date.

None of the operating leases are subject to contingent rent arrangements.

License and Maintenance contracts

The Company has entered into contracts for the license and maintenance of certain software and equipment. The non-cancellable expenses are payable as follows:

In SG $

Particulars	As at March 31,		As at April 1,
	2019	2018	2017
Within one year	1,610,117	1,002,544	601,292
Between one and five years	449,168	839,910	1,417,755
	2,059,285	1,842,454	2,019,047

20 Related parties

Key management personnel compensation

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors and executive officers are considered as key management personnel of the Company.

Key management personnel compensation comprised:

In SG $

Particulars	As at March 31,	
	2019	2018
Short-term employee benefits	2,249,347	3,901,773
Contributions to defined contribution plans	67,211	110,352
	2,316,558	4,012,125

Directors fees of $60,000 (2018: $100,000) in respect of the financial year ended March 31, 2019 have been proposed and are subject to shareholder's approval at the annual general meeting of the Company.

Other related party transactions

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. Other than as disclosed elsewhere in the financial statements, the transactions with related parties during the year based on terms agreed between the parties are as follows:

In SG $

Particulars	As at March 31,	
	2019	2018
Ultimate holding company		
Professional services fee income	5,696,497	9,948,981
eServices	48,470	60,400
Smart messaging services fee income	3,070,267	4,601,842
Utility computing services fee income	10,036,659	14,024,256
IT security services fee income	2,726,425	3,413,682
Corporate secretariat income	1,988,335	3,514,987
Finance services income	132,083	211,000

Particulars	As at March 31,	
	2019	2018
HR services income	61,165	1,463
Reimbursement of expenses	1,811,613	3,375,352
Immediate holding company		
Professional services fee income	6,345	15,378
eServices	–	–
Smart messaging services fee income	–	–
Utility computing services fee income	43,770	76,508
IT security services fee income	–	30
Corporate secretariat income	1,167	2,028
Finance services income	98,000	180,000
HR services income	84,000	152,600
Reimbursement of expenses	1,703,798	2,638,915
Related corporations		
Professional services fee income	9,816,312	1,581,369
eServices	1,575,729	951,183
Smart messaging services fee income	8,165,209	2,644,127
Utility computing services fee income	12,992,860	4,495,992
IT security services fee income	6,928,559	769,351
Corporate secretariat income	1,853,353	2,456,026
Finance services income	2,330,074	4,773,684
HR services income	927,239	1,381,044
Reimbursement of expenses	–	–
Information technology services and internet services expense	(5,688,301)	(4,103,820)

21 Sale of subsidiary

On 22 October 2018, the Company had transferred its subsidiary including shareholders' loan to its related corporation, Trusted Services Pte Ltd. for a consideration sum of $5 million.

The transfer of the subsidiary, including shareholders' loan involved companies under common control at the date of transfer. The Company has elected to apply fair value accounting on the transfer and consequently recognized a loss on divestment as follows:

In SG $

Particulars	2019
Identified assets	
Investments in subsidiary	9,975,000
Fair value of call option	1,500,000
Shareholders' loan	6,667,500
Net assets transferred	18,142,500
Consideration	(5,000,000)
Loss on sale of subsidiary	13,142,500

The sale consideration of $5,000,000 was settled by a way of offsetting against the dividend-on-species issued by its related corporation to its immediate holding company.

22 Transfer of business services

On 1 November 2018, the Company had transferred its business services namely Finance, HR and Corporate secretary to its related corporation, Trusted Services Pte. Ltd. The transfer involved companies under common control at the date of transfer. The Company has elected to apply fair value accounting on the transfer and the effects of cash flow and the recognized amounts of assets acquired, and liabilities assumed at transfer is set out as below:

In SG $

Particulars	Note no.	2019
Identified assets and liabilities		
Property, plant and equipment	4	561,669
Other investments		1,012,929
Trade and other receivables		2,528,751
Cash and cash equivalents		500
Employee benefits		(776,386)
Trade and other payables		(3,345,319)
Gain on transfer of business services		(17,856)
Consideration and cash inflow on acquisition of business under common control		(1)
Excess consideration over fair value of net assets acquired		17,857
Consideration transferred		
Consideration and cash inflow on acquisition of business under common control		1
Cash and cash equivalents transferred		(500)
Net cash		(499)

23 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are discussed below:

Impairment of investments in subsidiaries

The carrying values of investments in subsidiaries are reviewed for impairment whenever there is any indication that the investment is impaired. This determination requires significant judgement. The Company evaluates, amongst other factors, the future profitability of the subsidiaries, the financial health of and near-term business outlook, including factors such as industry and sector performance, changes in technology and operational and financing cash flows. The recoverable amount of the investment could change significantly as a result of changes in market conditions and the assumptions used in determining the recoverable amount.

Impairment of financial assets

The Company maintain impairment loss at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the Company on the basis of factors that affect the collectability of the accounts. These factors include, but not limited to, the length of the Company's relationship with the debtors, their payment behaviour and known market factors. The Company reviews the age and status of receivables and identifies accounts which require allowance to be made on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Company made different judgement or utilized different estimates. An increase in the Company's impairment loss would increase the Company's recorded other expenses and decrease current assets.

Estimation of useful lives of plant and equipment

The Company reviews the useful lives of plant and equipment at each Balance Sheet date in accordance with the accounting policy in note 3.3. The estimation of the useful lives involves significant judgement.

Valuation of call option

Fair value of call options is estimated as the difference between the equity value of acquire and the exercise price at exercise date discounted using a risk-adjusted discount rate. The equity value of the acquiree was estimated using the discounted cash flows valuation technique.

The discounted cash flows valuation model considers present value of the cash flows expected to be generated by the acquiree. The expected net cash flows are discounted using a risk-adjusted discount rate.

Key assumptions used in estimating the fair value of call option in prior year were:

- Call option will be exercised at the end of exercise period ending March 31, 2021;
- Use of cash flow projections over a period of 3 years (2017: 4 years) to estimate the equity value of the acquire and terminal value was considered at a growth rate of 2.0% (2017: 2.0%); and
- Discount rate of 34.1% (2017: 34.1%)

24 Explanation of transition to SFRS(I) and adoption of new standards

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at March 31, 2019 that are applicable for annual period beginning on April 1, 2019.

As stated in note 2.1, these are the first financial statements of the Company prepared in accordance with SFRS(I).

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended March 31, 2019, the comparative information presented in these financial statements for the year ended March 31, 2018 and in the preparation of the opening SFRS(I) Statement of Financial Position at April 1, 2017 (the Company's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In preparing the opening SFRS(I) Statement of Financial Position, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with previous FRS.

In addition to the adoption of the new framework, the Company also concurrently applied the following SFRS(I) s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 Revenue from Contracts with Customers which includes clarifications to IFRS 15 Revenue from Contracts with Customers issued by the IASB in April 2016; and
- SFRS(I) 9 Financial Instruments.

The application of the above standards and interpretations do not have material effect on the financial statements, except for SFRS(I) 15 and SFRS(I) 9.

An explanation of how the transition from previous FRS to SFRS(I) and the adoption of SFRS(I) 9 and SFRS(I) 15 have affected the Company's financial position, financial performance and cash flows is set out under the summary of quantitative impact and the accompanying notes.

Summary of quantitative impact

The following reconciliations summarize the impacts on initial application of SFRS(I) 1, SFRS(I) 15 and SFRS(I) 9 on the Company's financial position as at April 1, 2017, March 31, 2018 and April 1, 2018. There were no material adjustments to the Company's statements of comprehensive income and cash flows for the year ended March 31, 2018 arising on transition to SFRS(I).

(A) SFRS(I) 1

In adopting SFRS(I) in 2018, the Company has applied the transition requirements in SFRS(I) 1 with April 1, 2018 as the date of transition SFRS(I) 1 generally requires that the Company applies SFRS(I) that are effective as at March 31, 2019 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. The application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statement.

(B) SFRS(I) 15 – Revenue from Contracts with Customers

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognized as separate assets when specified criteri are met.

The Company adopted SFRS(I) 15 in its financial statements using the retrospective approach. All requirements of SFRS(I) 15 have been applied retrospectively, except for the application of the practical expedients as described below

The Company has applied the following practical expedients as allowed under SFRS(I).

- Completed contracts that began and ended in the same annual reporting period in 2018 and contracts completed at April 1, 2018 are not stated.
- For completed contracts that have variable consideration, the Company used the transaction price at the date the contract was completed to restate comparative information.
- For contracts modified before April 1, 2018, the Company has reflected aggregate effect of all of the modifications that occurred before April 1, 2018 when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price to the satisfied and unsatisfied performance obligations.
- For the year ended March 31, 2019, the Company did not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Company expects to recognize that amount as revenue.

There is no impact arising from the application of SFRS(I) 15, except for the changes in presentation of certain Balance Sheet items as described below.

(i) Presentation of contract assets and liabilities

On adopting SFRS(I) 15, the Company has also changed the presentation of the following amounts:

a) Trade and other receivables' of $1,667,083 as at March 31, 2018 and $44,400 as at April 1, 2017 were reclassified to 'Contract assets'.

b) 'Advanced billing' classified as 'Trade and other payables' of $1,618,615 as at March 31, 2018 and $77,094 as at April 1, 2017 were reclassified to 'Contract liabilities'.

(C) SFRS(I) 9

SFRS(I) 9 Financial instruments set out requirements for recognising and measuring financial assets, financial liabilities, and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' (ECL) model. The Company adopted SFRS(I) 9 from April 1, 2018. In accordance with the exemption in SFRS(I) 1, the Company elected not to restate information for the period before April 1, 2018. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39 Financial Instruments: Recognition and Measurement. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognized in retained earnings and reserves as at April 1, 2018.

Arising from this election, the Company is exempted from providing disclosures required by SFRS(I) 7 Financial Instruments: Disclosures for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 Financial Instruments: Disclosures relating to items within the scope of FRS 39are provided for the comparative period.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 have been generally applied by the Company retrospectively, except as described below.

- The following assessments were made on the basis of facts and circumstances that existed at April 1, 2018.

  (i) The determination of the business model within which a financial asset is held;

  (ii) The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest of the principal amount outstanding;

  (iii) The designation of an equity investment that is not held-for-trading as at FVOCI; and

  (iv) The designation and revocation of previous designations of certain financial assets and financial liabilities measured at FVTPL.

- If a debt investment has low credit risk at April 1, 2018, the Company has assumed that the credit risk on the asset has not increased significantly since its initial recognition.

(i) Classification of financial assets and financial liabilities

Under SFRS(I) 9, financial assets are classified in the following categories; measured at amortized cost. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 category of loans and receivables.

The adoption of SFRS(I) 9 has not had a significant effect on the Company's accounting policies for financial liabilities.

The table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Company's financial assets as at April 1, 2018.

In SG $

Particulars	Note no.	April 1, 2018			
		Original classification under SFRS(I) 9	New classification under SFRS(I) 9	Original carrying amount under FRS 39	New carrying amount under SFRS(I) 39
Financial assets					
Trade and other receivables	7	Loans and receivables	Amortized cost	26,855,667	26,855,667
Cash and cash equivalents	9	Loans and receivables	Amortized cost	11,848,369	11,848,369
Total financial assets				38,704,036	38,704,036

(ii) Impairment of financial assets

SFRS(I) 9 replaces the 'incurred loss' model in FRS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost. Impairment losses on other financial assets are presented under 'Administrative expenses', similar to the presentation under FRS 39, and not presented separately in the Statement of Profit or Loss due to materiality considerations.

The application of SFRS(I) 9 impairment requirements at April 1, 2018 did not result in additional allowances for impairment.

25 New standards and interpretations not yet adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after April 1, 2019 and earlier applications is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are effective for annual periods beginning after April 1, 2019:

Applicable to 2019 financial statements

- SFRS(I) 16 Leases
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments
- Prepayment Features with Negative Compensation (Amendments to SFRS(I) 9)
- Previously Held Interest in a Joint Operation (Amendments to SFRS(I) 3 and 11)
- Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Amendments to SFRS(I) 1-12)
- Plan Amendment, Curtailment or Settlement (Amendments to SFRS(I)1-19)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to SFRS(I) 10 and SFRS(I) 1-28)

The Company has assessed the estimated impact that initial application of SFRS(I) 16 will have on the financial statements. The Company's assessment of SFRS(I) 16, which is expected to have a more significant impact on the Company is described below.

SFRS(I) 16

SFRS(I) 16 introduces a single, on-Balance Sheet lease accounting model for lessees. A lessee recognizes a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 Leases, SFRS(I) INT 4 Determining whether an Arrangement contains a Lease, SFRS(I) INT 1-15 Operating Leases – Incentives and SFRS(I) INT 1-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after April 1, 2019, with early adoption permitted.

The Company plan to apply SFRS(I) 16 initially on April 1, 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 will be recognized as an adjustment to the opening balance of retained earnings at April 1, 2019, with no restatement of comparative information. The Company plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply SFRS(I) 16 to all contracts entered into before April 1, 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

i.The Company as lessee

The Company expect to measure lease liabilities by applying a single discount rate to their portfolio. Furthermore, the Company are likely to apply the practical expedient to recognize amounts of ROU assets equal to their lease liabilities at April 1, 2019. For lease contracts that contain the option to renew, the Company are expected to use hindsight in determining the lease term.

The Company expect their existing operating lease arrangements to be recognized as ROU assets with corresponding lease liabilities under SFRS(I) 16. Lease payments that are increased every five years to reflect market rentals, and those that are based on changes in local price index, are included in the measurement of lease liabilities as at date of initial application. In addition, the Company will no longer recognize provisions for operating leases that it assessed to be onerous as described in note 19. Instead, the Company will include the payments due under the lease in their lease liability.

As at April 1, 2019, the Company expects an increase in ROU assets of $937,674, a decrease in provisions of $108,536 and an increase in retained earnings of $937,674. The Company expects an increase in ROU asset and lease liabilities of $1,046,210 as at April 1, 2019.

The nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities. No significant impact is expected for the Company's finance leases.

26 Change of company name

During the financial year, the Company changed its name from Trusted Source Pte. Ltd. to Infosys Compaz Pte. Ltd..

WONGDOODY Holding Company, Inc. and Subsidiaries

Consolidated Financial Statements
Years Ended December 31, 2018 and 2017

Independent Auditor's Report

Board of Directors

WONGDOODY Holding Company, Inc. and Subsidiaries

Seattle, Washington

We have audited the accompanying consolidated financial statements of WONGDOODY Holding Company, Inc. and Subsidiaries, which comprise the consolidated balance sheet as of December 31, 2018 and 2017, and the related consolidated statements of income, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of WONGDOODY Holding Company, Inc. and Subsidiaries as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA LLP

April 24, 2019

Consolidated Balance Sheet

In US$

Particulars	As at December 31, 2018	As at December 31, 2017
ASSETS		
Current assets		
Cash	10,189,000	8,071,000
Accounts receivable	5,289,000	6,309,000
Prepaid expenses and other current assets	239,000	320,000
Total current assets	15,717,000	14,700,000
Deferred tax assets	8,015,000	–
Property and equipment, net	894,000	1,212,000
Other long-term assets	123,000	–
Total assets	24,749,000	15,912,000
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	1,047,000	4,623,000
Accrued compensation	1,844,000	1,133,000
Accrued expenses	16,000	23,000
Advance billings	4,857,000	3,180,000
Income taxes payable	176,000	–
Current portion of deferred rent	17,000	82,000
Current portion of capital lease obligations	185,000	244,000
Current portion of notes payable	–	652,000
Total current liabilities	8,142,000	9,937,000
Deferred rent, net of current portion	234,000	107,000
Capital lease obligations, net of current portion	161,000	354,000
Note payable, net of current portion	–	678,000
Total liabilities	8,537,000	11,076,000
Commitments (Notes 6 and 7)		
Stockholders' equity		
Common stock	9,911,000	1,945,000
Note receivable from stockholder	–	(1,842,000)
Retained earnings	6,301,000	4,733,000
Total stockholders' equity	16,212,000	4,836,000
Total liabilities and stockholders' equity	24,749,000	15,912,000

See accompanying notes to consolidated financial statements.

Consolidated Statement of Income

In US$

Particulars	Years ended December 31,	
	2018	2017
Revenues	24,992,000	26,140,000
Operating expenses		
Salaries and related expenses	16,626,000	14,401,000
General and administrative expenses	4,911,000	4,337,000
Total operating expenses	21,537,000	18,738,000
Income from operations	3,455,000	7,402,000
Other Income (Expense), net		
Interest expense	(29,000)	(88,000)
Interest income	27,000	16,000
Interest income from stockholder	16,000	86,000
Total other income, net	14,000	14,000
Income before income taxes	3,469,000	7,416,000
Income tax expense	908,000	–
Net income	2,561,000	7,416,000

See accompanying notes to consolidated financial statements.

Consolidated Statement of Stockholders' Equity

In US$

Particulars	Common stock		Note receivable from stockholder	Retained earnings	Total
	Shares	Amount			
Balance, January 1, 2017	2,000	1,945,000	(1,756,000)	5,627,000	5,816,000
Net income	–	–	–	7,416,000	7,416,000
Interest on note receivable from stockholder	–	–	(86,000)	–	(86,000)
Distributions to stockholders	–	–	–	(8,310,000)	(8,310,000)
Balance, December 31, 2017	2,000	1,945,000	(1,842,000)	4,733,000	4,836,000
Net income	–	–	–	2,561,000	2,561,000
Interest on note receivable from stockholder	–	–	(16,000)	–	(16,000)
Forgiveness of note receivable from stockholder			1,858,000	–	1,858,000
Contributed capital from parent	–	7,966,000	–	–	7,966,000
Distributions to stockholders	–	–	–	(993,000)	(993,000)
Balance, December 31, 2018	2,000	9,911,000	–	6,301,000	16,212,000

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

In US$

Particulars	Years ended December 31, 2018	2017
Operating activities		
Net income	2,561,000	7,416,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	432,000	402,000
Accrued interest on note receivable from stockholder	(16,000)	(86,000)
Forgiveness of note receivable from stockholder	1,858,000	–
Deferred tax benefit	(48,000)	–
Changes in operating assets and liabilities:		
Accounts receivable	1,020,000	648,000
Prepaid expenses and other assets	(42,000)	(61,000)
Accounts payable	(3,576,000)	2,304,000
Income taxes payable	176,000	–
Advance billings	1,677,000	(4,739,000)
Accrued compensation	711,000	(373,000)
Accrued expenses	(7,000)	(55,000)
Deferred rent	62,000	(22,000)
Net cash provided by operating activities	4,808,000	5,434,000
Investing Activities		
Purchases of property and equipment	(120,000)	(215,000)
Net cash used by investing activities	(120,000)	(215,000)
Financing Activities		
Repayments under notes payable	(1,330,000)	(628,000)
Payments of capital lease obligations	(247,000)	(324,000)
Distributions to stockholders	(993,000)	(8,310,000)
Net cash used by financing activities	(2,570,000)	(9,262,000)
Net increase (decrease) in cash	2,118,000	(4,043,000)
Cash, beginning of year	8,071,000	12,114,000
Cash, end of year	10,189,000	8,071,000
Supplemental disclosure of cash flow information		
Cash paid for interest	29,000	88,000
Cash paid for taxes	780,000	–
Non-cash investing and financing activities		
Recognition of deferred tax asset and non-cash capital contribution	7,966,000	–
Property and equipment acquired under capital lease	91,000	312,000

See accompanying notes to consolidated financial statements.

Significant Accounting Policies

1. Summary of significant accounting policies

Description of business

WONGDOODY Holding Company, Inc. and Subsidiaries (the 'Company') is incorporated under the laws of the State of Washington and promotes products and services for clients across the United States, primarily through targeted integrated marketing campaigns focused on live, digital, and social brand experiences.

The Company was formed on November 30, 1993. On April 13, 2018, the Company entered into a definitive agreement for all of the Company's outstanding common stock to be acquired by Infosys Limited (Infosys), a consulting and information technology company based in India. The acquisition closed on May 22, 2018. WONGDOODY Holding Company, Inc. and Subsidiaries are now wholly-owned subsidiaries of Infosys. These financial statements do not include any adjustments relating to the acquisition of the Company by Infosys.

Principles of consolidation

The accompanying consolidated financial statements include WONGDOODY, Inc. and WDW Communications, Inc., subsidiaries of WONGDOODY Holding Company, Inc. All significant intercompany accounts and transactions have been eliminated upon consolidation.

Basis of financial statement presentation

The accompanying consolidated financial statements present the financial position, results of operations, and cash flows of the Company In conformity with accounting principles generally accepted in the United States of America ('GAAP').

Reclassifications

Certain reclassifications have been made to the 2017 balances to conform to current year presentation with no effect on our previously reported net income as included in the Consolidated Statement of Income.

Use of estimates

The preparation of financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The Company's significant estimates include the allowance for doubtful accounts and the estimated useful lives of assets. Actual results could materially differ from those estimates.

Cash

The Company maintains its cash in bank accounts that, at times, may exceed federally insured limits. The Company has not experienced and does not anticipate any losses on such accounts.

Property and equipment

Property and equipment are stated at cost. The Company provides for depreciation on a straight-line basis over the estimated useful lives of the respective assets:

Furniture, fixtures, and office equipment	5 - 7 years
Computer hardware and software	3 - 7 years
Leasehold improvements	Lesser of expected lease term or useful life

Expenditures for major renewals and betterments are capitalized while those for repairs and maintenance are expensed as incurred.

Accrued compensation

As a result of the acquisition of the Company by Infosys, the Company entered into employment agreements with certain employees. Under each agreement, the employee will be entitled to a retention bonus, payable in three equal annual installments on the anniversary date of the acquisition. The total amount payable over the three-year period is US$ 4,000,000. Per the Share Purchase Agreement, in the event an employee eligible for a retention bonus is no longer with the Company as of the annual payment date, the amount may be reallocated among other employees or be used to recruit or retain new hires. As of December 31, 2018, the Company has accrued US$ 818,000.

Additionally, certain employees are eligible for additional consideration in future periods based on the Company achieving certain financial targets during each of the defined fiscal years. The maximum amount of future payments related to these deferred compensation agreements is US$ 3,100,000. The maximum amounts payable for the years ended or ending December 31, 2018, 2019 and 2020 are US$ 400,000, US$ 1,500,000, and US$ 1,200,000, respectively. Because employees eligible for these payments must remain employed to receive them for each year, they are accounted for as compensation to the extent earned in each period. As of December 31, 2018, the Company has accrued US$ 400,000 for payments due for the year ended December 31, 2018.

Revenue recognition

The Company earns revenue from agency arrangements in the form of retainer fees and from generally short-term project arrangements in the form of fixed fees for services. Non-refundable retainer fees are generally recognized on a straight-line basis over the term of the specific customer arrangement. Fixed fees for services are recognized upon completion of the earnings process and acceptance by the client. Per diem fees or fees based on hourly rates are recognized upon the performance of the Company's services. In addition, for a limited number of certain service transactions, which require delivery of a number of specific acts, the Company uses the Proportional Performance model of revenue recognition, which generally results in revenue being recognized on a straight-line basis. The Company records revenue net of sales and other taxes, when persuasive evidence of an arrangement exists, services are provided, the selling price is fixed or determinable, and collection of the resulting receivable is reasonably assured.

Advertising costs

The Company expenses all advertising costs when incurred. Advertising expense for the years ended December 31, 2018 and 2017 was approximately US$ 198,000 and US$ 64,000, respectively.

Rent expense

The Company recognizes the effect of all rent variances over the expected life of the lease on a straight-line basis. Any variances between cash rental payments and straight-line expense recognition are recorded as a liability, which is included in deferred rent in the accompanying consolidated Balance Sheets.

Leases meeting the criteria for capitalization under Financial Accounting Standards Board ('FASB') Accounting Standards Codification ('ASC') topic 840, Leases, are reported as capital leases.

Income taxes

The Company was treated as a Sub-chapter S-Corporation for Federal income tax purposes until its acquisition by Infosys on May 21, 2018; therefore, no provision for Federal income taxes was required up to that date. Stockholders were taxed individually on their pro rata share of earnings.

In connection with the acquisition of the Company's common stock by Infosys, the Company elected to revoke its status as an 'S' corporation and has elected to be treated as a 'C' corporation beginning May 22, 2018.

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net income in the statement of income 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.

The Company has adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under this guidance, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are only included if there is greater than 50 percent likelihood of them being realized upon ultimate settlement.

The guidance on accounting for uncertainty in income taxes also addresses derecognition, classification, interest and penalties on income taxes, and accounting in interim periods. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties as income tax expense. As of December 31, 2018 and 2017, the Company had no uncertain tax positions.

Sales taxes

Revenues are presented net of sales taxes. The sales tax obligation is included in accrued liabilities until the taxes are remitted to the appropriate taxing authorities.

Advance billings

Fees billed to clients in excess of fees recognized as revenue along with client deposits related to pass-through costs to cover project expenses are classified as Advance Billings. As of December 31, 2018, advance billings included US$ 1,604,000 of such fees and US$ 3,253,000 of pass-through related costs, respectively. As of December 31, 2017, advance billings included US$ 311,000 of such fees and US$ 2,869,000 of pass-through related costs, respectively.

New accounting pronouncements

In June 2014, the FASB issued Accounting Standards Update ('ASU') No. 2014-09, Revenue from Contracts with Customers. The update gives entities a single comprehensive model to use in reporting information about the amount and timing of revenue resulting from contracts to provide goods or services to customers. The ASU, which applies to any entity that enters into contracts to provide goods or services, will supersede current revenue recognition requirements and most industry-specific guidance throughout the Industry Topics of the Accounting Standards Codification. The update is effective for the Company for the year ending December 31, 2019. The Company is currently reviewing the provisions of this ASU to determine if there will be any material effect on its consolidated financial statements.

In February 2016, the FASB issued Accounting ASU No. 2016-02, Leases. The new standard in this update requires that any entity that is a lessee record, for all leases with a term exceeding 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. The update is effective for the

Company for the ending December 31, 2020, and early adoption is permitted. The Company is currently reviewing the provisions of this update to determine the effect on its consolidated financial statements.

Subsequent events

The date to which events occurring after December 31, 2018, have been evaluated for possible adjustment to the financial statements or disclosure therein is April 24, 2019, which is the date on which the financial statements were available to be issued.

2. Concentration of credit risk

Substantially all of the Company's accounts receivable and revenues are generated from a small group of customers. The Company performs ongoing credit evaluations of its clients and generally does not require collateral. For the year ended December 31, 2018, one customer represented approximately 53% of the Company's total revenues and approximately 58% of the Company's total accounts receivable as of December 31, 2018. Two of the Company's customers represented approximately 14% and 12% of the Company's total revenues and approximately 2% and 25% of the Company's total accounts receivable, respectively, as of December 31, 2018. For the year ended December 31, 2017, three of the Company's customers represented approximately 74% of the Company's total revenues and approximately 90% of the Company's total accounts receivable as of December 31, 2017. The loss of any of the Company's significant customer relationships would have a material effect on the Company's operations.

The Company's credit policy towards its customers is 30-60 days. The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on the history of past write-offs and collections and current credit conditions. There was no allowance for doubtful accounts deemed necessary at December 31, 2018 and 2017. Receivables are written-off as uncollectible on a periodic judgmental basis after collection efforts have been unsuccessful.

3. Property and equipment

Property and equipment comprises:

In US$

Particulars	As at December 31,	
	2018	2017
Furniture, fixtures, and office equipment	1,038,000	1,067,000
Computer hardware and software	885,000	872,000
Leasehold improvements	1,178,000	1,178,000
	3,101,000	3,117,000
Less accumulated depreciation and amortization	(2,207,000	(1,905,000)
Property and Equipment, net	894,000	1,212,000

Depreciation and amortization expense related to property and equipment for the years ended December 31, 2018 and 2017 was US$ 432,000 and US$ 402,000, respectively. Property and equipment as of December 31, 2018 and 2017 included total cost of US$ 1,069,000 and US$ 1,207,000 of property and equipment held under capital leases, respectively.

4. Note receivable from stockholder

The Company previously made a loan to one of the Company's stockholders that was used by the stockholder to purchase Company stock in 2000. The note's principal balance and accrued interest were presented as a reduction of stockholders' equity. During the year ended December 31, 2018, the Company forgave this loan and related accrued interest in the amount of US$ 1,858,000. The expense associated with this forgiveness was included in salaries and related expenses in the accompanying statement of operations for the year ended December 31, 2018.

5. Line of credit

The Company had a line of credit with Washington Trust Bank for US$ 1,000,000 that was secured by all of the Company's accounts and equipment. Advances on the line bore interest at the prime rate, with a floor of 3.25%. The line of credit was closed during the year ended December 31, 2018.

6. Long-term debt and capital lease obligations

On June 20, 2013, the Company signed a Promissory Note with Washington Trust Bank for US$ 2,308,000. The loan was refinanced on January 5, 2015, and the Company received an additional US$ 1,638,000. The new loan had a maturity date of December 30, 2019 and bore interest at 3.75% per annum. The Company was required to make monthly principal and interest payments of US$ 58,000, with the remaining principal balance due upon maturity in 2019. Borrowings were secured by all assets of the Company. During the year ended December 31, 2018, the Company repaid the entire loan and there is no balance outstanding as of December 31, 2018.

The aggregate amount of long-term debt and capital lease obligations is as follows:

In US$

Particulars	As at December 31,	
	2018	2017
Term loan	–	1,330,000
Capital leases	346,000	598,000
	346,000	1,928,000
Less current portion	(185,000)	(896,000)
Long-term debt and capital lease obligations	161,000	1,032,000

The aggregate amounts of payments of long-term debt and capital lease obligations are as follows:

Year ending December 31,	US$
2019	190,000
2020	138,000
2021	32,000
Total future payments	360,000
Less amount representing interest on capital leases	(14,000)
	346,000

7. Operating lease commitments

The Company leases certain computer hardware, equipment, furniture, and office space under various operating leases. These lease terms vary from two to four years. Total rent expense under operating leases was US$ 1,272,000 and US$ 1,105,000 for the years ended December 31, 2018 and 2017, respectively.

The following is a schedule of future minimum rental payments due under non-cancelable operating leases with initial or remaining terms in excess of one year as of December 31, 2018:

In US$

Year ending December 31,	
2019	1,277,000
2020	1,383,000
2021	1,389,000
2022	1,066,000
2023	1,098,000
Thereafter	370,000
Future minimum rental payments	6,583,000

8. Income taxes

Income tax expense in the statement of income is comprises:

In US$

Year ended December 31,	2018
Current tax expense	956,000
Deferred tax benefit	(48,000)
Total income tax expense	908,000

For the year ended December 31, 2018, the difference between the provision for income taxes and the income tax determined by applying the statutory federal income tax rate of 21% to income before income taxes is primarily due to the Company's change in taxable status in May 2018, state income taxes, and permanent items.

Significant components of the Company's deferred tax assets are as follows:

In US$

Particulars	December 31, 2018
Accrued compensation	292,000
Accrued vacation	5,000
Other liabilities	35,000
Other assets	26,000
Goodwill and intangible assets from acquisition	7,657,000
Net deferred tax assets	8,015,000

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. As of December 31, 2018, the Company determined that no valuation allowance against its net deferred tax assets was necessary.

9. Retirement plan

The Company has a defined contribution plan covering all employees with at least 1,000 hours after their original date of hire. The Company may make an annual discretionary profit sharing contribution. The Company made profit sharing contributions of US$ 135,000 and US$ 130,000 for the years ended December 31, 2018 and 2017, respectively.

10. Related party transactions

During the year ended December 31, 2018, WONGDOODY performed certain services for Infosys, the Company's parent as of May 22, 2018. The related party receivable balance at December 31, 2018 totaled US$ 339,000. Revenues from Infosys Limited during the year ended December 31, 2018 totaled US$ 543,000, and the reimbursement of expenses totaled US$ 90,000.

Infosys (Czech Republic) Limited s.r.o

Introduction

Company: Infosys (Czech Republic) Limited s.r.o.,

Holandská 872/9, Štýrice, 639 00 Brno,

Czech Republic

Ident. No: 269 18 757

(hereinafter the "company")

Period: 1 April 2018 to 31 March 2019

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 related activities and web portals;
- Guidance and consulting activities, production of expert studies and opinions;
- Research and development in the field of natural and technical sciences or social sciences;
- Intermediation in trade and services; and
- Translation and interpretation activities.

2. Activities of accounting advisors and accounts keeping

Description of activities:

Technical Contact Centre

Providing technical support to Infosys clients' personnel and/or customers via phone, mail, or chat.

Support provided in most of European languages.

Finance and Accounting

Providing expert accounting support in the following areas:

- Accounts payable;
- Accounts receivable;
- Travel & expense; and
- General ledger.

Insurance services

Processes:

- Underwriting Support (end to end process – all stages of insurance policies)

Banking Services

Providing reporting software on boarding support to European clients of an American Banking institution

Digital Content Management

Analysing, updating and reporting on 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 & interpretation support

Remote Warehouse software support

- Remote quality control
- Transition and due-diligence support
- Project Management support
- Process and Operation Consulting
- Application Development and Maintenance
- IT Services Management

Information according to Sec 21(2) of Act No. 563/1991, Act on Accounting

- 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.

Changes in the Supervisory Board:

On 18 July 2018, Mr Narayanan Sampath become a member of the Supervisory Board.

On 20 July 2018, Mr Ritesh Gandhi became Chairman of the Supervisory Board.

The appointment of Mr Narayanan Sampath to the Supervisory Board and the election of Mr Ritesh Gandhi to the position of Chairman of the Supervisory Board were registered in the Commercial Register on 20 September 2018.

- About forecasted development in activities of the reporting unit

The turnover for 2018-19 amounted to 386,724 TCZK compared with 274,496 TCZK for 2017-18. The number of employees as at 31 March 2019 (including employees on maternity and parental leave) was 593 (31 March 2018 – 383 employees).

It is expected that in 2019-20 there will be 704 (excluding employees on maternity and parental leave) employees and turnover of 545,327 TCZK

- About any R&D activities: none
- About acquisition of own shares or own ownership interests

The company has acquired no own shares or ownership interests.

- About any activities in the area of environmental protection

The company tries to reach ecological and thrifty handling with raw materials, energy, water and other sources when providing services in order to improve the inputs efficiency.

- About labour-law relations

The company fulfils and meets all conditions, duties stipulated by the Czech labour code.

- The company does not have any branch or other component of its business enterprise abroad.

Enclosures:

- Audit report
- Financial statements as of and for the period ended 31 March 2019
- Report on Relations for the Accounting Period 1 April 2018 – 31 March 2019

Date: 21 May 2019

Signature

Kapil Jain
Company Executive Director

Independent Auditor's Report

To the Partner of Infosys (Czech Republic) Limited s.r.o.

Having its registered office at: Holandská 872/9, Štýrice, 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 31 March 2019, 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 31 March 2019, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information in 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 auditor's 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.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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.

In Prague on 21 May 2019

Audit Firm: Deloitte Audit s.r.o. Registration number: 079	Statutory auditor: Miroslav Zigàček Registration number: 2222

Balance Sheet

(in CZK thousand)

		3/31/2019			3/31/2018 (restated for change in policy)
		Gross	Adjustment	Net	Net
	TOTAL ASSETS	404,483	66,502	337,981	298,596
B.	Fixed assets	125,476	66,423	59,053	82,799
B.I.	Intangible fixed assets	3,092	138	2,954	
B.I.2.	Valuable rights	3,092	138	2,954	
B.I.2.1.	Software	3,092	138	2,954	
B.II.	Tangible fixed assets	87,932	66,285	21,647	16,748
B.II.1.	Land and structures	10,358	10,013	345	714
B.II.1.2.	Structures	10,358	10,013	345	714
B.II.2.	Tangible movable assets and sets of tangible movable assets	76,174	56,272	19,902	14,633
B.II.5.	Prepayments for tangible fixed assets and tangible fixed assets under construction	1,400		1,400	1,401
B.II.5.2.	Tangible fixed assets under construction	1,400		1,400	1,401
B.III.	Non-current financial assets	34,452		34,452	66,051
B.III.5.	Other non-current securities and investments	34,452		34,452	66,051
C.	Current assets	277,425	79	277,346	215,142
C.II.	Receivables	117,247	79	117,168	74,243
C.II.1.	Long-term receivables	16,672		16,672	10,169
C.II.1.4.	Deferred tax asset	9,416		9,416	5,563
C.II.1.5.	Receivables - other	7,256		7,256	4,606
C.II.1.5.2.	Long-term prepayments made	7,256		7,256	4,606
C.II.2.	Short-term receivables	100,575	79	100,496	64,074
C.II.2.1.	Trade receivables	81,570	79	81,491	53,556
C.II.2.4.	Receivables - other	19,005		19,005	10,518
C.II.2.4.3.	State - tax receivables	1,415		1,415	6,528
C.II.2.4.4.	Short-term prepayments made				560
C.II.2.4.5.	Estimated receivables	17,579		17,579	3,410
C.II.2.4.6.	Sundry receivables	11		11	20
C.IV.	Cash	160,178		160,178	140,899
C.IV.1.	Cash on hand	2		2	
C.IV.2.	Cash at bank	160,176		160,176	140,899
D.	Other assets	1,582		1,582	655
D.1.	Deferred expenses	1,582		1,582	655

		3/31/2019	3/31/2018 (restated for change in policy)
	TOTAL LIABILITIES & EQUITY	337,981	298,596
A.	Equity	215,704	238,273
A.I.	Share capital	18,750	18,750
A.I.1.	Share capital	18,750	18,750
A.II.	Share premium and capital funds	-19,767	11,832
A.II.2.	Capital funds	-19,767	11,832
A.II.2.2.	Gains or losses from the revaluation of assets and liabilities (+/-)	-19,767	11,832
A.III.	Funds from profit	1,875	1,875
A.III.1.	Other reserve funds	1,875	1,875
A.IV.	Retained earnings (+/-)	205,816	207,148
A.IV.1.	Accumulated profits or losses brought forward (+/-)	205,816	207,148
A.V.	Profit or loss for the current period (+/-)	9,030	-1,332
B.+C.	Liabilities	100,001	38,034
B.	Reserves	51,715	3,631
B.II.	Income tax reserve	4,323	
B.IV.	Other reserves	47,392	3,631
C.	Payables	48,286	34,403
C.II.	Short-term payables	48,286	34,403
C.II.4.	Trade payables	9,688	3,340
C.II.8.	Other payables	38,598	31,063
C.II.8.3.	Payables to employees	22,062	17,362
C.II.8.4.	Social security and health insurance payables	6,013	4,531
C.II.8.6.	Estimated payables	10,509	9,170
C.II.8.7.	Sundry payables	14	
D.	Other liabilities	22,276	22,289
D.1.	Accrued expenses	14,394	15,507
D.2.	Deferred income	7,882	6,782

Profit and Loss Accout

(in CZK thousand)

		Year Ended	
		3/31/2019	3/31/2018
I.	Sales of products and services	386,724	274,496
A.	Purchased consumables and services	67,631	47,029
A.2.	Consumed material and energy	5,936	3,669
A.3.	Services	61,695	43,360
D.	Staff costs	265,435	188,047
D.1.	Payroll costs	193,142	139,057
D.2.	Social security and health insurance costs and other charges	72,293	48,990
D.2.1.	Social security and health insurance costs	66,922	45,751
D.2.2.	Other charges	5,371	3,239
E.	Adjustments to values in operating activities	8,461	5,664
E.1.	Adjustments to values of intangible and tangible fixed assets	8,449	5,663
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	8,449	5,663
E.3.	Adjustments to values of receivables	12	1
F.	Other operating expenses	38,674	7,039
F.3.	Taxes and charges	34	7
F.4.	Reserves relating to operating activities and complex deferred expenses	36,978	6,522
F.5.	Sundry operating expenses	1,662	510
*	Operating profit or loss (+/-)	6,523	26,717
VI.	Interest income and similar income	247	3
VI.2.	Other interest income and similar income	247	3
VII.	Other financial income	14,026	1,974
K.	Other financial expenses	4,201	30,026
*	Financial profit or loss (+/-)	10,072	-28,049
**	Profit or loss before tax (+/-)	16,595	-1,332
L.	Income tax	7,565	
L.1.	Due income tax	11,418	154
L.2.	Deferred income tax (+/-)	-3,853	-154
**	Profit or loss net of tax (+/-)	9,030	-1,332
***	Profit or loss for the current period (+/-)	9,030	-1,332
*	Net turnover for the current period	400,997	276,473

Statement Of Changes In Equity

(in CZK thousand)

	Share capital	Gains or losses from the revaluation of assets and liabilities (+/-)	Funds from profit, reserve fund	Accumulated profits or losses brought forward	Profit or loss for the current period	TOTAL EQUITY
Balance at 31 March 2017	18,750		1,875	193,841	55,339	269,805
Distribution of profit or loss				13,307	-55,339	-42,032
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 31 March 2018 - original		-3,312				
Impact of change in the policy of measuring financial investments		15,144				
Balance at 31 March 2018 - restated	18,750	11,832	1,875	207,148	-1,332	238,273
Distribution of profit or loss				-1,332	1,332	
Gains or losses from the revaluation of assets and liabilities		-31,599				
Profit or loss for the current period					9,030	9,030
Balance at 31 March 2019	18,750	-19,767	1,875	205,816	9,030	215,704

Cash Flow Statement

(in CZK thousand)

		Year ended	
		3/31/2019	3/31/2018
P.			
	Opening balance of cash and cash equivalents	140,899	178,898
	Cash flows from ordinary activities (operating activities)		
Z.	Profit or loss before tax	16,595	-1,332
A.1.	Adjustments for non-cash transactions	51,975	12,181
A.1.1.	Depreciation of fixed assets	8,449	5,663
A.1.2.	Change in provisions and reserves	43,773	6,521
A.1.5.	Interest expense and interest income	-247	-3
A.*	Net operating cash flow before changes in working capital	68,570	10,849
A.2.	Change in working capital	-31,898	-26,036
A.2.1.	Change in operating receivables and other assets	-45,768	-34,199
A.2.2.	Change in operating payables and other liabilities	13,870	8,163
A.**	Net cash flow from operations before tax	36,672	-15,187
A.5.	Income tax paid from ordinary operations	-1,091	-9,824
A.***	Net operating cash flows	35,581	-25,011
	Cash flows from investing activities		
B.1.	Fixed assets expenditures	-16,302	-12,988
B.***	Net investment cash flows	-16,302	-12,988
	Cash flow from financial activities		
F.	Net increase or decrease in cash and cash equivalents	19,279	-37,999
R.	Closing balance of cash and cash equivalents	160,178	140,899

Notes to Financial Statements (Unconsolidated)

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 4 February 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

1 April 2018 – 31 March 2019

Company Owners

The Company's shareholder as of 31 March 2019:

INFOSYS BPM LIMITED100 %

560100 Bangalore, 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 Štýrice, Brno

Corporate ID

269 18 757

Statutory Body

The sole Executive Director of the Company as of 31 March 2019:

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 31 March 2019:

Chairman of the Board of Directors:

RITESH GANDHI

Member of the Board of Directors

NARAYANAN SAMPATH

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, Bangalore, 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, Bangalore, 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 31 March 2019, the following changes were recorded:

Executive Director:

KAPIL JAIN,

born on 3 March 1967

SW197PB London, 12 The Oaks, 84-86 Wimbledon Hill Road, United Kingdom

Position origination date: 1 October 2017

Recorded on 9 March 2018

Removed on 11 March 2019

Executive Director:

KAPIL JAIN,

born on 3 March 1967

SW197PB London, 18 Tybenham Road, United Kingdom

Position origination date: 1 October 2017

Recorded on 11 March 2019

Removed on 18 March 2019

Executive Director:

KAPIL JAIN,

born on 3 March 1967

SW197PB London, 8 Tybenham Road, United Kingdom

Position origination date: 1 October 2017

Recorded on 18 March 2019

Member of the Supervisory Board:

RITESH GANDHI,

born on 23 April 1975

GU151HD Camberley, 216 Upper Chobham Road, United Kingdom

Membership origination date: 1 October 2017

Recorded on 9 March 2018

Removed on 20 September 2018

Chairman of the Supervisory Board:

RITESH GANDHI,

born on 23 April 1975

GU151HD Camberley, 216 Upper Chobham Road, United Kingdom

Position origination date: 20 July 2018

Membership origination date: 1 October 2017

Recorded on 20 September 2018

Member of the Supervisory Board:

NARAYANAN SAMPATH,

born on 11 May 1959

560070 Bangalore, F 301, Adarsh Residency, 47th Cross, 8th Block, Jayanagar, Republic of India

Membership origination date: 18 July 2018

Recorded on: 20 September 2018

Number of Members of the Supervisory Board:

three (3)

Recorded on 24 May 2016

Remove on 9 March 2018

Number of Members of the Supervisory Board:

two (2)

Recorded on 9 March 2018

Organisational 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 31 March 2018 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 2018.

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
PC equipment	straight-line	30 – 60 months
Office equipment	straight-line	60 months
Software	straight-line	36 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, equity investments are measured at fair value. Changes in the measurement of equity investments are recognised on balance sheet accounts in accounting group 41.

(c)Provisions and Reserves

Receivables

The Company establishes provisions against doubtful receivables based on an analysis of individual debtor's solvency. Individual receivables are analysed based on turnover.

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 recognised. The Company recognises the income tax reserve in an amount corresponding to the created reserve net of income tax prepayments made if these are lower than the anticipated tax. If such prepayments are higher than or equal to the anticipated tax liability, no income tax reserve is recognised by the Company.

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. During the reporting period, solely realised 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. Unrealised foreign exchange rate gains and losses are recognised 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 realised or the liability settled.

A deferred tax asset is recognised only if it is likely that it will be realised 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.

Accrued expenses and deferred income are recognised in balance sheet item D 'Other liabilities' as long-term. The presentation treatment corresponds to that of deferred expenses and accrued income in both the current and comparable periods.

(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.

(i)Accruals and Deferrals Accounts

Deferred expenses include expenses relating to the costs of future reporting periods.

Accrued expenses include expenses relating the current reporting period but the respective cost has not yet been incurred. This principally relates to the impacts of rental/operating lease payments distributed evenly over the contract term on an accrual basis.

Deferred income consists of income relating to future reporting periods. Income from accrual contracts is recognised when the relating services are realised and the income from the latest billing as of the recognition date is recognised as unbilled income.

(j)Revenue Recognition

Revenues are recognised as of the date of realising sales net of discounts and income taxes. With regard to long-term contracts for which the course of billing precedes the course of delivering services defined based on the proportion of the time spent to the total contract term, the Company recognises a proportionate part of such billing on an accrual basis in the form of deferred income. Otherwise, when services are delivered prior to billing, the Company recognises a proportionate part of such billing on an accrual basis in the form of estimated receivables.

Reserves for potential losses arising from contracts in progress are recognised in the period in which they are likely to be incurred based on estimated contracts as of the balance sheet date.

(k)Cash and Cash Equivalents

Cash on hand includes cash on hand and stamps and vouchers, or cash in transit relating to this item.

Cash on bank accounts relates to balances on accounts, especially bank accounts, or cash relating to this item.

Cash flows are recognised using the indirect method, with the profit for the period being adjusted by the impacts of non-cash transactions, deferrals, accruals or deferrals of past or future operating income or payments, and income and expense items relating to the investments of cash flows. Cash flows from the Company's operating, investment and financial activities are separated. All highly-liquid investments that are easily convertible into cash are considered known cash equivalents.

(l) Employee Benefits

The Company has prepared a policy on compensated cumulated absence. The estimated costs of cumulated absence are determined based on an actuarial valuation conducted by an independent actuary as of each balance sheet date using the method of estimated unit time period.

(m) Related Party Transaction

The Company's Related Parties refer to:

- Parties that may exercise, directly or indirectly, a material or controlling influence over the Company and their subsidiaries; and
- Members of the statutory, supervisory and management bodies of the Company or its parent company and close persons of the aforementioned parties, including associates and subsidiaries of those members or persons.

The Company has entered into a transfer pricing agreement with the parent company and fellow subsidiaries. All related party transactions are recorded in line with this transfer pricing agreement.

(n) Subsequent Events

The impact of events which occurred between the balance sheet date and the date of preparing the financial statements is presented in the financial statements when these events provided additional information on facts that existed as of the balance sheet date.

When significant post-balance sheet events occurred between the balance sheet date and the date of preparing the financial statements, the impacts of those events are disclosed in the notes to the financial statements but are not presented in the financial statements.

3. Changes in Accounting Principles and Policies

In the year ended 31 March 2019, changes were made in the accounting principles and policies.

Measurement of equity investments:

In the financial statements as of and for the year ended 31 March 2018, equity investments are measured at cost with remeasurement due to changes in exchange rates in accounting group 41. In the financial statements as of and for the year ended 31 March 2019, equity investments are measured at fair value recognised through accounting group 41 due to an increase in the informative value of the investment measurement. The change was made in the both current and comparable reporting periods; for more details, refer to the Statement of changes in equity.

The fair value of financial instruments is determined by the Company using various methods and assumptions based on market conditions and risks existing as of each balance sheet date. Methods used for determining fair value include an analysis of discounted cash flows and listed market prices that are available. All methods of fair value measurement result in the general approximation of a value which, in fact, does not have to be realised.

Specifying the presentation of accruals and deferrals:

Accrued expenses arising from the received discount on rental recognised on an accrual basis in the amount of CZK 14,394 thousand as of 31 March 2019 were reported in line 'Estimated payables' in the prior reporting period (31 March 2018: CZK 15,507 thousand). In the financial statements for the year ended 31 March 2019, the change was also made in the data for the prior reporting period to ensure that the presented data are comparable.

Deferred income arising from the income from long-term contracts recognised on an accrual basis in the amount of CZK 7,882 thousand as of 31 March 2019 were reported in line 'Other reserves' in the prior reporting period (31 March 2018: CZK 6,782 thousand). In the financial statements for the year ended 31 March 2019, the change was also made in the data for the prior reporting period to ensure that the presented data are comparable.

4. Tangible Fixed Assets

	Buildings	Machinery and equipment, Account No. 042	Financial assets	Total
Cost				
Balance at 1 April 2018	10,358	65,798	50,907	127,063
Additions	-	12,913		12,913
Disposals	-	1,137	31,599	32,736
Changes in fair value	-	-	15,144	15,144
Reclassification	-	-	-	-
Balance at 31 March 2019	10,358	77,574	34,452	122,384
Accumulated depreciation				
Balance at 1 April 2018	9,644	49,764	-	59,408
Depreciation	369	7,645	-	8 014
Accumulated depreciation on disposals	-	1,137	-	1,137
Reclassification	-	-	-	-
Balance at 31 March 2019	10,013	56,272	-	66,285
Net book value at 1 April 2018	714	16,034	50,907	67,655
Net book value at 31 March 2019	345	21,302	34,452	56,099

Major additions to fixed assets in the reporting period included the purchase of IT equipment and computers.

Financial assets include an equity investment of 8.6% 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

	Buildings	Machinery and equipment, Account No. 042	Fixed assets	Total
Cost				
Balance at 1 April 2017	9,767	53,401	54,219	117,387
Additions	591	12,397	-	12,988
Disposals	-	-	-	
Reclassification	-	-	11,832	11,832
Balance at 31 March 2018	10,358	65,798	66,051	142,207
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 31 March 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 31 March 2018	714	16,034	66,051	82,799

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 25,416thousand and CZK 18,183 thousand in the years ended 31 March 2019 and 2018, respectively.

6. Trade Receivables and Payables

(a) Short-term trade receivables amounted to CZK 81,570 thousand (31 March 2018 – CZK 53,624 thousand), of which CZK 56,491 thousand (31 March 2018 – CZK 33,590 thousand) included past-due receivables. Provisions against doubtful receivables amounted to CZK 79 thousand and CZK 68 thousand as of 31 March 2019 and 2018, respectively. The Company records no receivables with maturity of more than five years.

(b) Short-term trade payables amounted to CZK 9,688 thousand (31 March 2018 – CZK 3,340 thousand), of which CZK 7,017 thousand (31 March 2018 – CZK 2,742 thousand) included past-due payables. The Company records no payables with maturity of more than five years.

7. Advance Payments Made

Short-term advance payments made include prepayments for the lease of residential and non-residential premises in the amount of CZK 0 thousand (as of 31 March 2018 – CZK 560 thousand).

Long-term advance payments made include prepayments for the lease of office premises in the amount of CZK 7,256 thousand (as of 31 March 2018 – CZK 4,606 thousand).

8. Statement of Changes in Equity

The Company's management anticipates transferring the profit generated in the reporting period to retained earnings. In the year ended 31 March 2019, the Company changed its accounting principles and policies with respect to the fair value measurement recognised through balance sheet accounts in accounting group no. 41. The change was made in the both current and comparable reporting periods.

9. Reserves

	Reserve for outstanding vacation days	Reserve for risks	Reserve for income tax	Reserve for other risks	Total
Balance at 1 April 2018	2,294	-	-	1,337	3,631
Change in reserves	1,051	43,036	4,323	- 326	48,084
Balance at 31 March 2019	3,345	43,036	4,323	1,011	51,715

The income tax reserve in the amount of CZK 10,423 thousand (31 March 2018 – CZK 0 thousand), the advance payments made in the amount of CZK 6,100 thousand (31 March 2018 – CZK 6,439 thousand), and the relevant payable are reported in the line 'Reserve for income tax' in the amount of CZK 4,323 thousand (31 March 2018 – CZK 0 thousand). The reserve for risks includes the costs of estimated losses and support subsequent to the sale/generation of income from the sale of services. As of the balance sheet date, a reserve was created for other risks arising from the possibility of returning a subsidy used for creating jobs.

10. Sales

In the reporting period, the sales of services were as follows:	Year ended 31 March							
	2019				2018			
	In-country	Europe + USA	India	Total	In-country	Europe + USA	India	Total
Advisory, HW and SW consulting	57,138	142,209	187,377	386,724	22,440	113,066	138,990	274,496
Total	57,138	142,209	187,377	386,724	22,440	113,066	138,990	274,496

11. Related Party Transactions

(a) Trade Receivables and Payables

	Receivables at 31 March		Payables at 31 March	
	2019	2018	2019	2018
Infosys Poland Sp.z.o.o	69	309	-1	--
Infosys BPM Ltd	1,484	1,625	-	17
Infosys Technologies Limited	19,683	10,639	-	30
Total	21,236	12,573	-1	47

(b) Sales of Goods and Services and Purchases thereof

Year ended 31 March 2019	Sales	Purchases
Infosys Poland Sp. z o.o.	2,979	870
Infosys BPM Ltd	5,315	2,727
Infosys Limited	177,427	-
Total	185,721	3,597

Year ended 31 March 2018	Sales	Purchases
Infosys Poland Sp. z o.o.	4,085	-
Infosys BPM Ltd	1,645	17
Infosys Limited	137,345	128
Total	143,075	145

(c)Benefits and Loans Provided to the Members of Statutory and Supervisory Bodies

In the years ended 31 March 2019 and 2018, the Company did not provide any benefits and loans to the members of its statutory bodies.

12. Services

The total costs of services amounted to CZK 61,695 thousand (31 March 2018 – CZK 43,360 thousand), which principally included the lease expenses in the amount of CZK 25,416 thousand (31 March 2018 – CZK 18,408 thousand).

13. Employees and Managers

The average re-calculated number of employees and managers, and the staff costs for the years ended 31 March 2019 and 2018 were as follows:

Year ended 31 March 2019	Headcount	Payroll costs	Social security and health insurance costs	Social costs
Employees	445	190,630	66,365	5,362
Managers	1	2,512	557	9
Total	446	193,142	66,922	5,371

Year ended 31 March 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

14. Estimated Receivables

Total estimated receivables amounted to CZK 17,579 thousand (31 March 2018 – CZK 3,410 thousand) and included estimated unbilled services in the amount of CZK 17,579 thousand (31 March 2018 – CZK 3,410 thousand) and accrual contracts income.

15. Estimated Payables

Total estimated payables amounted to CZK 10,509 thousand (31 March 2018 – CZK 9,170 thousand) and included estimated unbilled services.

16. Accrued Expenses

Total accrued expenses amount to CZK 14,394 thousand (31 March 2018 – CZK 15,507 thousand. Lease payments under operating leases are charged to expenses on a straight line basis in the profit and loss account over the lease term. An outstanding part of the lease is recorded as an accrued expenses.

17.Deferred Income

Total deferred income amounts to CZK 7,882 thousand (31 March 2018 – CZK 6,782 thousand) and represents deferred income from long-term projects with customers.

18. Other Financial Expenses and Income

Other financial expenses in the amount of CZK 4,201 thousand (31 March 2018 – CZK 30,026 thousand) and other financial income in the amount of CZK 14,026 thousand (31 March 2018 – CZK 1,974 thousand) principally included realised and unrealised foreign exchange rate gains and losses.

19. Due Amounts Arising from Social Security and Health Insurance

The amounts due arising from social security and health insurance amounted to CZK 6,013 thousand (31 March 2018 – CZK 4,531 thousand), of which the amount of CZK 4,428 thousand (31 March 2018 – CZK 3,339 thousand) included estimated social security payments and the amount of CZK 1,585 thousand (31 March 2018 – CZK 1,192 thousand) included estimated health insurance payments. None of these amounts were past their due dates.

20. 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.

21. Income Taxation

(a) Tax Currently Payable

The income tax payable comprises the estimated tax amount for the taxation period ended 31 March 2019 in the amount of CZK 10,423 thousand (taxation period ended 31 March 2018 CZK 435 thousand), and an adjustment of the estimated income tax for the taxation period ended 31 March 2018 of CZK 995 thousand (taxation period ended 31 March 2017 CZK 281 thousand).

(b) Deferred Tax

	Assets		Liabilities	
	Balance at 31 March		31 March	
	2019	2018	2019	2018
Fixed assets	396	638	-	-
Receivables	-	-	-	-
Reserves	9,005	1,979	-	-
Other temporary differences	15	2,946	-	-
Deferred tax asset/(liability)	9,416	5,563	-	-

In line with the accounting policies presented in Note 2 (f) above, the Company recognised a deferred tax asset, as it assumes that the deferred asset will be recovered, with regard to the result for the year ended 31 March 2019.

In line with the accounting policies presented in Note 2 (f) above, in calculating deferred tax as of 31 March 2019, the applied tax rate amounted to 19% (2018 – 19%).

22. Off Balance Sheet Commitments

The Company has no contractual liabilities reported off the balance sheet.

The Company is not aware of any contingent liabilities.

The Company is not aware of any off-balance sheet payables or payables arising from guarantees not reported on the balance sheet.

23. 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:

	Balance at 31 March	
	2019	2018
Total current financial assets	160,178	140,899
Cash and cash equivalents	160,178	140,899

Cash flows from operating, investment and financial activities presented in the cash flow statement are not offset

24. 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 31 March 2019.

Report on relations

The Executive Director of the Company has drawn up the following Report on Relations between the controlling person and the controlled person and between the controlled person and other persons controlled by the same controlling person in the sense of Section 82 of Act No. 90/2012 Coll., the Act on Business Corporations, for the period 1 April 2018 – 31 March 2019 (hereinafter referred to as the "Decisive Period"). Upon description of the relations, the obligation to keep trade secrets of the Company has been complied with.

1) Structure of the relations

According to the information available to the Executive Director of the Company acting with due managerial care, during the Decisive Period the Company was a member of the Infosys BPM group, in which the controlling person was Infosys BPM Limited (hereinafter referred to as the "Infosys BPM Group"). Infosys BPM Limited is a majority owned and controlled subsidiary of Infosys Limited. The information about the persons belonging to the Infosys BPM Group is stated as at 31 March 2019 and is based on the information available to the Executive Director of the Company acting with due managerial care. The structure of the relationships in the Infosys BPM Group is shown in the overview which forms Annex No. 1.

Controlling person:Infosys BPM Limited, Plot Nos. 26/3, 26/4 and 26/6, Electronics City,

Hosur Road, Bangalore, 560100 India

Controlled person:Infosys (Czech Republic) Limited s.r.o, Brno,

Holandská 872/9, Štýrice, 639 00 Brno, Czech Republic

ID No. 269 18 757,

Infosys BPM Limited is the founder and sole shareholder of the Company.

2) Role of the Company in the Infosys BPM Group

The Company is a majority owned and controlled subsidiary of Infosys BPM Limited. Like other companies within the Infosys BPM Group, the Company leverages the benefits of service delivery globalisation, process redesign and technology and thus drives efficiency and cost effectiveness into client business processes and thereby improves their competitive position by managing their business processes in addition to providing increased value. The Company is a leading provider of business process management services to organisations that outsource their business processes.

The Company provides services to these organisations (customers) mostly directly, partially also as a subcontractor of Infosys Poland Sp.z.o.o. or as a subcontractor of Infosys Limited or as a subcontractor of Infosys BPM Limited. In the latter cases, Infosys Poland Sp.z.o.o. or Infosys Limited or Infosys BPM Limited acts as the prime contractor to the customer and assumes all major risks in relation to the contract with the customer.

3) Manner and means of control of the Company

The Company is controlled in particular via decisions of its sole shareholder (i.e. Infosys BPM Limited) in the capacity of the general meeting of the Company. Infosys BPM Limited is a 100% shareholder of the Company.

4) Overview of actions made by the controlled person in the interest or at the initiative of the of the controlling person or persons controlled by the controlling person

In the Decisive Period, the Company made no actions in the interest or at the initiative of the controlling person or persons controlled by the controlling person which related to property exceeding 10 percent of the equity of the Company as stated in the most recent set of financial statements.

5) Overview of mutual contracts between controlled and controlling persons and between the controlled person and the persons controlled by the same controlling person

(a) Contracts between the controlled and the controlling person:

During the entire Decisive Period, the subcontracting agreements between the Company (as vendor, respectively supplier) and Infosys BPM Limited (as customer) and Infosys Limited (as customer) were in effect.

	Sales for the Decisive Period in TCZK	Purchases for the Decisive Period in TCZK
Infosys BPM Limited	5,315	2,727
Infosys Limited	177, 427	-

b) Contracts between the controlled person and the persons controlled by the same controlling person:

During the entire Decisive Period, the subcontracting agreement between the Company (as vendor, respectively supplier) and Infosys Poland Sp.z.o.o (as customer) was in effect.

	Sales for the Decisive Period in TCZK	Purchases for the Decisive Period in TCZK
Infosys Poland Sp.z.o.o.	2,979	870

6) Assessment of detriment and assessment of its settlement

On the basis of the contracts concluded between the Company and controlling person and between the Company and the persons controlled by the same controlling person and on the basis of actions made by the Company in the interest or at the initiative of the controlling person or persons controlled by the controlling person, no detriment arose to the Company.

7) Assessment of advantages, disadvantages and risks ensuing from the relations between the controlled person and the controlling person and between the controlled person and other persons controlled by the same controlling person

Participation in the Infosys BPM Group is advantageous for the Company as Infosys and Infosys BPM are global groups with strong brands and reputation among potential customers and employees which the Company utilises in negotiations with customers and potential customers and in attracting qualified and motivated employees.

There are no disadvantages related to the Company's membership in the Infosys BPM Group.

No risks ensue from the Company's membership in the Infosys BPM Group.

On 21 May 2019

Kapil Jain
Executive Director
Infosys (Czech Republic) Limited s.r.o

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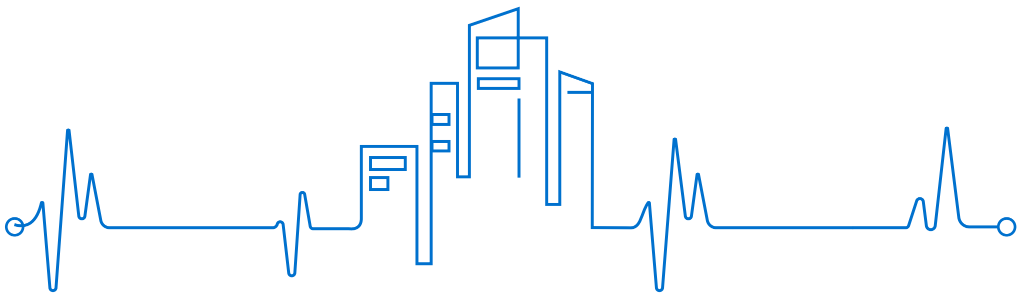

Infosys Consulting SAS

COFFRA
AUDIT

Paris, February 28, 2019

To the sole shareholder

INFOSYS CONSULTING
Société par Actions Simplifiée
Paris La Défense 9

Dear Sir,

Opinion

In compliance with the engagement entrusted to us by decision of the sole shareholder, we have audited the accompanying financial statements of Infosys Consulting SAS. for the year ended December 31, 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for opinion

- Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory auditor's responsibilities for the audit of the financial statements* section of our report.

- Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of ethics (*Code de déontologie*) for statutory auditors.

Justification of assessments

In accordance with the requirements of Articles L. 823-9 and R. 823 -7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you that the matters related to the appropriateness of the accounting principles applied were, in our professional judgment, of most significance in our audit of the financial statements.

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 specific items of the financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French legislation and regulations.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the General Manager and in the documents addressed to the sole shareholder with respect to the financial position and the financial statements.

We confirm the fair presentation and the consistency with the financial statements of the information relating to the terms of payments as stated in article D. 441-4 of the French Code de Commerce.

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 French accounting principles 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 basis of accounting unless it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the General Manager.

Statutory auditor's responsibilities for the audit of the financial statements

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional 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 these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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;

- obtains 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;

- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;

- assesses 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. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

The Statutory auditor
Compagnie Fiduciaire Franco-Allemande
Membre de la Compagnie Régionale de Paris

represented by

sign.Kurt Schlotthauer
President

sign. Franz-Josef Töcker
Partner

Appendices

The financial statements are numbered from page C1 to page C19

2018 Annual Financial Statements

Financial year from 01/01/2018 to 31/12/2018

SASU INFOSYS CONSULTING SAS

77 Esplanade Gal. de Gaulle
92800 PUTEAUX
Siret : 52414413600032

sofradec

Société d'Expertise Comptable
inscrite au tableau de l'Orde de Paris - Ile de France
153 boulevard Haussmann
75008 Paris

Contents

Balance sheet and Income statement

Balance sheet assets

	Gross	Depreciation Amortisation	Net 31/12/2018	Net 31/12/2017
Uncalled subscribed capital				
CAPITAL ASSETS				
Intangible assets				
Preliminary expenses				
Research and development costs				
Concessions, patents, licenses, software, rights & similar				
Goodwill				
Other intangible assets				
Advances and down-payments on intangible assets				
Property, plant and equipment				
Land				
Buildings				
Industrial facilities, plant and equipment				
Other property, plant and equipment	32 511	31 704	808	11 982
Property, plant and equipment under construction				
Advances and down- payments				
Non- current financial assets				
Equity interests (equity method)				
Other equity interests				
Loans to subsidiaries and affiliates				
Other long- term investments				
Loans				
Other non- current financial assets				
TOTAL CAPITAL ASSETS	**32 511**	**31 704**	**808**	**11 982**
CIRCULATING ASSETS				
Inventories and work-in-progress				
Raw materials and other supplies				
Work in process inventory (goods and services)				
Intermediate and finished products				
Merchandise				
Advances and down- payments paid on orders				
Receivables				
Trade and related receivables	191 065		191 065	544 487
Other receivables	55 112		55 112	82 303
Called, subscribed capital, not paid up				
Miscellaneous				
Short- term investments				
Cash	1 011 692		1 011 692	768 059
Prepaid expenses (3)	4 517		4 517	449
TOTAL CIRCULATING ASSETS	**1 262 386**		**1 262 386**	**1 395 298**
Loan issue costs				
Bond redemption premiums				
Translation adjustment (assets)	1		1	
TOTAL	**1 294 898**	**31 704**	**1 263 194**	**1 407 280**

Balance sheet liabilities

	31/12/2018	31/12/2017
OWNERS' EQUITY		
Share capital	80 000	80 000
Additional paid-in capital, merger premium, share premiums		
Revaluation surplus		
Legal reserve	8 000	
Statutory or contractual reserves		
Regulated reserves		
Other reserves		
Retained earnings	513 372	-312 378
PROFIT/ (LOSS) FOR THE PERIOD	**59 402**	**833 750**
Investment grants		
Regulated provisions		
TOTAL EQUITY	**660 773**	**601 372**
OTHER EQUITY		
Income from issues of equitty interests		
Conditional advances		
TOTAL OTHER EQUITY		
PROVISIONS		
Provisions for risks	47 164	
Provisions for charges		
TOTAL CONTINGENT LIABILITIES	**47 164**	
LIABILITIES (1)		
Convertible bonds		
Other bonds		
Bank borrowings and other liabilities to banks		
Other borrowings and finanancial liabilities	37 042	21 966
Advances and down- payments received on orders in process		
Trade and related payables	89 051	71 517
Tax and social security payables	416 399	712 235
Debts on capital assets and related payables		
Other payables	12 764	
Prepaid income		162
TOTAL LIABILITIES	**555 257**	**805 880**
Translation adjustment (liabilities)		28
TOTAL	**1 263 194**	**1 407 280**

Income statement - I

	France	Exports	31/12/2018	31/12/2017
Operating income				
Sales of goods				
Products sold (goods)				
Products sold (services)		2 462 304	2 462 304	3 527 612
Net revenue		**2 462 304**	**2 462 304**	**3 527 612**
Production in inventory				
Capitalised production				
Operating grants				
Reversals of provisions (and amortisation) and transfers of charges			2 492	5 304
Other income			7 337	
Total operating income			**2 472 133**	**3 532 916**
Operating expenses				
Purchase of goods				
Changes in inventory				
Purchase of raw materials and other supplies				
Changes in inventory				
Other purchases and external charges			514 713	1 187 718
Taxes and similar charges			-10 372	8 494
Wages and salaries			1 278 327	1 383 813
Social charges			533 237	97 608
Depreciation expense and allowance for impairement:				
- On non- current assets: depreciation expense			11 175	605
- On non- current assets: allowance for impairment				
- On circulating assets: allowance for impairement				
- Contingent liabilities: provisions			47 164	
Other charges			38 221	3 508
Total operating expenses			**2 412 465**	**2 681 746**
OPERATING PROFIT/ (LOSS) (I-II)			**59 669**	**851 170**
Share of profit/ (loss) on joint operations				
Profit allocated or loss transferred (III)				
Loss sustained or profit transfered				
Investment income				
From equity interests				
From other non- current securities and receivables				
Other interest and similar income				
Reversals of provisions and allowances for impairment and transfers of charges				
Positive foreign exchange differences				2 083
Net gain on disposals of securities				
Total investment income (V)				**2 083**
Financial expense				
Amortisation expense, allowance for impairement and provisions				
Interest and similar expenses (4)				1 214
Negative foreign exchange differences				18 289
Net loss on disposals of securities				
Total financial expenses (VI)				**19 503**
FINANCIAL PROFIT/(LOSS) (V-VI)				**-17 421**
PRE- TAX EARNINGS (I-II+III-IV+V-VI)			**59 669**	**833 750**

Income statement - II

	31/12/2018	31/12/2017
Extraordinary income		
From management transactions		
From capital transactions		
Reversals of provisions and allowance for impairment and transfers of charges		
Total extraordinary income (VII)		
Extraordinary expenses		
On management transactions	267	
On capital transactions		
Amortisation expense, allowance for impairment and provisions		
Total extraordinary expenses (VIII)	**267**	
EXTRAORDINARY PROFIT/(LOSS) (VII-VIII)	**-267**	
Employee profit- sharing (IX)		
Income tax (X)		
Total income (I+III+V+VII)	**2 472 133**	**3 534 999**
Total expenses (II+IV+VI+VIII+IX+X)	**2 412 732**	**2 701 249**
PROFIT OR (LOSS)	**59 402**	**833 750**

Notes

Notes - Contents

	Applicable	Not applicable	Not material
- Accounting policies and methods	x		
- Remarkable events	x		
- Capital assets	x		
- Breakdown of capital assets		x	
- Preliminary expenses		x	
- Research and development costs		x	
- Goodwill		x	
- Capitalised interests		x	
- Construction work in progress		x	
- Component approach on fixed assets		x	
- Estimated equity interests in the portfolio		x	
- List of subsidiaries		x	
- Breakdown of depreciation		x	
- Capital assets impairment tests		x	
- Information on inventory		x	
- Schedule of receivables by due date	x		
- Accruals (income)	(summarised)		
- Information on the receivable arising from carry- back of tax losses		x	
- Impairment of capital assets		x	
- Allowance for inventory		x	
- Allowance for doubtful accounts		x	
- Impairment of securities		x	
- Interest on circulating asset items			x
- Capital structure	x		
- Profitable shares		x	
- Exchangeable convertible bonds		x	
- Statement of appropriation of prior year's earnings		x	
- Statement of changes in shareholder's equity		x	
- Regulated provisions		x	
- Provisions for contingent liabilities	x		
- Schedule of liabilities by due date	x		
- Debts guaranteed by security interests		x	
- Accruals	(summarised)		
- Liabilities with no reliable valuation		x	
- Loan repayment premiums		x	
- Translation adjustments on receivables and liabilities		x	
- Reservation of ownership		x	
- Liabilities and receivables represented by commercial paper		x	
- Valuation differences on fungible items		x	
- Treasury shares		x	
- Regulation of companies' difficulties		x	
- Prepaid expenses	(summarised)		
- Deferred income		x	
- Breakdown of net revenue		x	

Notes - Contents

	Applicable	Not applicable	Not material
- Long- term contracts		x	
- Incidental purchasing costs			x
- Fees paid to the statutory auditors		x	
- Items attributable to another financial year		x	
- Joint operations		x	
- Financial profit/ (loss)		x	
- Transfers of operating and financial expenses		x	
- Related-parties disclosures		x	
- Extraordinary items attributable to another financial year		x	
- Extraordinary items		x	
- Transfers of extraordinary expenses		x	
- Income tax base		x	
- Impact of extraordinary tax assessments		x	
- Breakdown of income tax expense		x	
- Impact of amendments approved between the closing date and the balance sheet date		x	
- Increase and decrease in future tax liability - tax		x	
- Tax Group : Identity of the Tax Group head company		x	
- Subsequent events		x	
- Information on transactions on the derivatives markets		x	
- Workforce		x	
- Individual training rights		x	
- Advances and loans granted to corporate officers		x	
- Total compensation and compensation by executive category		x	
- Identity of the parent company preparing the consolidated financial		x	
- Financial commitments given		x	
- Other off- balance- sheet transactions		x	
- Financial commitments received		x	
- Leases		x	
- Post- employment benefit commitments			x
- Competitiveness and employment tax credit (CICE)		x	
- Environmental aspects		x	
- Summary table of the last five financial years		x	

Accounting rules and methods

Company name: SASU INFOSYS CONSULTING SAS

Notes to the balance sheet before allocation of earnings of the financial year ended on 31/12/2018, for a total of 1 263 194 €
and notes to the income statement for the financial year presented in list form, showing a profit of 59 402 €.

The financial year runs for 12 months, from 01/01/2018 to 31/12/2018.

The notes or tables presented below form an integral part of the annual financial statements.

These annual financial statements were approved on 22/02/2019 by the company's directors.

General accounting rules

The annual financial statements of financial year ended on 31/12/2018 have been prepared in accordance with the chart of accounts approved by Ministerial order, pursuant to articles L.123-12 to L.123-28 and R.123-172 to R.123-208 of the French Commercial Code.

Accounting conventions have been applied in compliance with the prudence principle, in accordance with the basic assumptions of:
- going concern,
- consistency of accounting methods from one period to another,
- independent financial years,

and in accordance with the general rules for establishig and presenting annual financial statements.

Assets and liabilities in the financial statements are principally accounted for using the historical costs method.

Only material information is given. Unless otherwise specifically mentioned, all amounts are expressed in euros.

Property, plant, equipments and intangible assets

Property, plant, equipments and intangible assets are measured at their acquisition costs for assets acquired, at production cost for assets produced by the company, and at market value for assets acquired free of cost or as exchange.

The cost of an asset comprises the purchase price, including non- refundable excise duties and taxes, less discounts, rebates and reductions, and all directly attributable costs incurred to establish and commission the asset, according to its planned usage. Transfer taxes, fees, commission and legal fees related to the acquisition are not included in this acquisition cost. All costs not included in the acquisition cost of the asset and not directly associated to the costs arising to establish and commission the asset in accordance with its planned usage are recognised as an expense.

Depreciation

Depreciation is calculated according to the linear method over the planned useful life of the asset.

* Office equipment : 3 years
* Computer equipment : 3 years
* Furniture : 10 years

For simplification purposes, assets that could not be split into components upon their recognition as an asset are depreciated over their estimated useful life.

At closing date, the company reviewed indications of impairment by considering internal and external information available for this review.

Accounting rules and methods

Receivables

Receivables are recognised at nominal value. A provision for impairment is booked when the inventory value is lower than the nominal value.

Provisions

A provision is recognised for all company's current obligations resulting from a past event vis-a-vis third parties, that can be estimated with sufficient reliability, and covering identified risks.

Exceptional income and expenses

Exceptional income and expenses include items not related to the company's usual business.

Transactions in foreign currency

Assets denominated in foreign currency and treated as fixed assets are translated at historical exchange rates, or if any hedging took place before the acquisition of the asset, at hedged exchange rates. The costs incurred by the setting up of the hedging are added to the acquisition costs.
Current liabilities, receivables and cash denominated in foreign currency are recognised in the balance sheet at their converted value at year-end exchange rates. The difference arising from the revaluation of liabilities and receivables at the latter rate will be recognised in the balance sheet as translation adjustment.
Non-compensated exchange rate losses will be covered by a risk accrual, in its completeness to follow accounting standards.

Significant events

Other significant events

The company had a profit on withholding taxe deducted from the taxes' charges of - 37 415.13 €.
According to the tax losses from the previous fiscal year, the company did not book any charges for corporate tax.
The residual tax losses amount to 3 119 935 € on 12/31/2018.

Notes to the balance sheet

Fixed assets

Fixed assets schedule

	At period start	Increase	Decrease	At period end
- Preliminary and development costs				
- Goodwill				
- Other intangible assets				
Intangible assets				
- Land				
- Buildings on freehold land				
- Buildings on non- freehold land				
- General facilities and building improvements				
- Technical facilities, industrial plant and tooling				
- General facilities, improvements and miscellaneous fixtures and fittings				
- Transport equipment				
- Office and computer equipment	32 511			32 511
- Recoverable packaging and miscellaneous				
- Property, plant and equipment under construction				
- Advances and down- payments				
Property, plant and equipment	**32 511**			**32 511**
- Interests accounted for using the equity method				
- Other equity interests				
- Other long- term investments				
- Loans and other non- current financial assets				
Non- current financial assets				
CAPITAL ASSETS	**32 511**			**32 511**

Notes to the balance sheet

Fixed assets depreciation

	At period start	Increase	Decrease	At period end
- Preliminary and development costs				
- Goodwill				
- Other intangible assets				
Intangible assets				
- Land				
- Buildings on freehold land				
- Buildings on non- freehold land				
- General facilities and building improvements				
- Technical facilities, industrial plant and tooling				
- General facilities, improvements and miscellaneous fixtures and fittings				
- Transport equipment				
- Office and computer equipment	20 529	11 175		31 704
- Recoverable packaging and miscellaneous				
Property, plant and equipment	**20 529**	**11 175**		**31 704**
CAPITAL ASSETS	**20 529**	**11 175**		**31 704**

Notes to the balance sheet

Current assets

Schedule of receivables

On the closing date, receivables totalled 250 694 €. The detailed breakdown by due date is as follows:

	Gross value	Due <1 yr.	Due >1 yr.
Receivables related to capital assets			
Loans to subsidiaries and affiliates			
Loans			
Others			
Receivables related to circulating assets:			
Trade and accounts receivable	191 065	191 065	
Other receivables	55 112	55 112	
Prepaid expenses	4 517	4 517	
Total	**250 694**	**250 694**	
Loans granted during the period			
Loans repaid during the period			

Accrued income

Accrued income is included in the following asset positions:

	Amount
Loans to subsidiaries and affiliates	
Other non- current financial assets	
Trade accounts receivable	
Other receivables	6 363
Cash	
Total	**6 363**

Notes to the balance sheet

Owner's equity

Capital structure

Share capital amounts to 80 000,00 € divided into 8 000 shares at 10,00 € each.

List of share capital owners

	% of ownership	Number of unit or shares
I. LEGAL ENTITIES		
INFOSYS CONSULTING HOLDING AG CH-8058 ZÜRICH	100	8 000
II. INDIVIDUALS		

Provisions

Statement of provisions

	Provisions at period start	Additions of the period	Reversals used during the period	Reversals unused of the period	Provisions at period end
Disputes					
Guarantees given to customers					
Losses on forward markets					
Fines and penalties					
Foreign exchange losses					
Pensions and similar obligations					
For taxes					
Capital asset renewals					
Major maintenance and overhauls					
Taxes and benefits on paid leave due					
Other provisions for contingent liabilities		47 164			47 164
Total		**47 164**			**47 164**
Breakdown of provisions and reversals for the period:					
Operations		47 164			
Financial					
Exceptional					

Notes to the balance sheet

Debts

Statement of liabilities

On the closing date, liabilities totalled 555 257 €. The breakdown by due date is as follows:

	Gross value	Due < 1 yr.	Due > 1 yr.	Due > 5 yr.
Convertible bonds (*)				
Other bonds (*)				
Bank borrowings (*) and other liabilities to banks, of which:				
- up to 1 yr. at the outset				
- 1 yr. or more at the outset				
Other borrowings and financial liabilities (*) (**)	37 042	37 042		
Trade and related payables	89 051	89 051		
Tax and social security related payables	416 399	416 399		
Debts on capital assets and related payables				
Other payables	12 764	12 764		
Deferred income				
Total	**555 257**	**555 257**		
(*) Loans taken out during the period				
(*) Loans repaid during the period, of which:				

Accrued expenses

Accrued expenses are included in the following liability positions:

	Amount
Convertible bonds	
Other bonds	
Bank borrowings and other liabilities to banks	
Other borrowings and financial liabilities	
Trade and related payables	85 255
Tax and social security payables	333 089
Debts on capital assets and related payables	
Other payables	
Total	**418 344**

Notes to the balance sheet

Prepaid expenses, deferred income

Prepaid expenses

	Amount
Operating expenses	4 517
Financial expenses	
Exceptional expenses	
Total	**4 517**

Notes

Notes

Notes

Safe Harbor

This Annual Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance and 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, including the localization of our workforce and investments to reskill our employees and expectations concerning our market position, future operations, margins, profitability, liquidity, capital resources and corporate actions, including timely completion of the proposed buyback of our equity shares and completion of acquisitions. 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 this Annual Report. In 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 and estimates available to us on the date hereof, and we do not undertake any obligation to update these forward-looking statements unless required to do so by law.

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