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Subsidiary Financials 2019–20

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Contents

Infosys BPM Limited

Independent auditor's report

To the members of Infosys BPM Limited

Report on the Audit of the 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, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows ended on that date, and a summary of 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, 2020, 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 (SAs) 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 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 ethical 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 obtained by us 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 other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, 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 Responsibilities 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, 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 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors 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 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 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 standalone 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 standalone 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 Flows 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.

e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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

(Firm's Registration number :117366W/W-100018)
Chartered Accountants

Anand Subramanian
Partner
(Membership number : 110815)

UDIN: 20110815AAAAAR8591

Place: Bengaluru

Date: April 16, 2020

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 Infosys BPM Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of infosys BPM limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Company's 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 ICAI 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, 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, 2020, based on the internal financial 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 ICAI.

For DELOITTE HASKINS & SELLS LLP
(Firm's Registration number :117366W/W-100018)
Chartered Accountants

Anand Subramanian
Partner
(Membership number : 110815)

UDIN: 20110815AAAAAR8591

Place: Bengaluru
Date: April 16, 2020

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 Infosys BPM Limited of even date)

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

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

(b) The Company has a program of verification to cover 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) In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the standalone financial statements, the lease agreements are in the name of the Company.

ii. The Company is in the business of providing business process management services and does not have any physical inventories. Accordingly, reporting under Clause 3 (ii) of the Order is not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.

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

v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2020 and therefore, the provisions of the Clause 3 (v) of the Order are not applicable to the Company.

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

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

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, 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, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax and Service Tax which have not been deposited as at March 31, 2020 on account of dispute are given below:

Nature of the statute	Nature of dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount ₹ Crores
The Income Tax Act, 1961	Income Tax	Appellate Tribunal	A.Y. 2011-12	-*
	Income Tax	Appellate Authority upto Commissioner's Level	A.Y. 2008-09 to A.Y 2010-11, A.Y 2012-13, A.Y. 2013-14, A.Y. 2015-16 and A.Y. 2016-17	-*
Finance Act, 1994	Service Tax	Appellate Tribunal	F.Y. 2004-05 to F.Y. 2011-12	94.69

* Indicates amount less than Rs. 1 crore.

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

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

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

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

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

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 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 standalone financial statements as required by the applicable accounting standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly 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
(Firm's Registration number :117366W/W-100018)
Chartered Accountantsw

Anand Subramanian
Partner
(Membership number : 110815)

UDIN: 20110815AAAAAR8591

Place: Bengaluru
Date: April 16, 2020

Balance Sheet

(in ₹ crore)

Particulars	Note no.	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	214	228
Right-of-use assets	2.2	427	–
Capital work-in-progress		–	11
Goodwill		19	19
Financial assets			
Investments	2.3	801	849
Loans	2.4	–	–
Other financial assets	2.5	41	34
Deferred tax assets (net)	2.15	97	58
Income tax assets (net)	2.15	118	96
Other non-current assets	2.8	108	77
Total non-current assets		1,825	1,372
Current assets			
Financial assets			
Investments	2.3	630	535
Trade receivables	2.6	935	715
Cash and cash equivalents	2.7	2,274	1,837
Loans	2.4	21	19
Other financial assets	2.5	297	277
Income tax assets (net)	2.15	7	–
Other current assets	2.8	179	93
Total current assets		4,343	3,476
Total assets		6,168	4,848
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.10	34	34
Other equity		4,632	4,000
Total equity		4,666	4,034
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities	2.2	418	–
Other financial liabilities	2.11	1	1
Other non-current liabilities	2.13	–	10
Total non-current liabilities		419	11
Current liabilities			
Financial liabilities			
Trade payables	2.12		
Total outstanding dues of micro enterprises and small enterprises		–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		55	72
Lease liabilities	2.2	70	–
Other financial liabilities	2.11	523	426
Other current liabilities	2.13	382	261
Provisions	2.14	28	28
Income tax liabilities (net)	2.15	25	16
Total current liabilities		1,083	803
Total equity and liabilities		6,168	4,848

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

As per our report of even date attached

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

Anand Subramanian
Partner
Membership number: 110815

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

Ravikumar Singisetti
Chairman and Director

Anantharaman Radhakrishnan
Managing Director and
Chief Executive Officer

Prem Pereira
Chief Financial Officer

Bindu Raghavan
Company Secretary

Bengaluru
April 16, 2020

Statement of Profit and Loss

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

Particulars	Note no.	Year ended March 31,	
		2020	2019
Revenue from operations	2.16	4,595	3,932
Other income, net	2.17	290	225
Total income		4,885	4,157
Expenses			
Employee benefit expenses	2.18	2,926	2,434
Cost of technical sub-contractors and professional charges	2.18	385	302
Travel expenses		150	161
Rent		32	115
Depreciation and amortization expense	2.1 & 2.2	153	83
Finance cost	2.2	32	–
Other expenses	2.18	349	279
Total expenses		4,027	3,374
Profit before tax		858	783
Tax expense:			
Current tax	2.15	244	195
Deferred tax	2.15	(34)	(8)
Profit for the year		648	596
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability / asset, net		(3)	(4)
		(3)	(4)
Items that will be reclassified subsequently to profit or loss			
Fair value changes on investments, net	2.3	6	1
		6	1
Total other comprehensive income / (loss), net of tax		3	(3)
Total comprehensive income for the year		651	593
Earnings per equity share			
Equity shares of par value ₹ 10 each			
Basic and diluted (₹)		191.61	176.30
Weighted average number of equity shares used in computing earnings per equity 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

Anand Subramanian
Partner
Membership number: 110815

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

Ravikumar Singisetti
Chairman and Director

Anantharaman Radhakrishnan
Managing Director and
Chief Executive Officer

Prem Pereira
Chief Financial Officer

Bindu Raghavan
Company Secretary

Bengaluru
April 16, 2020

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	General reserve	Special economic zone re-investment reserve (1) (2)		
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 period	–	–	596	–	–	–	–	596
Fair value changes on investments, net of tax (Refer to Note 2.3)	–	–	–	–	–	–	1	1
Remeasurement of the net defined benefit liability / asset, net of tax	–	–	–	–	–	–	(4)	(4)
Total comprehensive income for the year	–	–	596	–	–	–	(3)	593
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
Balance as at April 1, 2019	34	25	2,906	1	1,000	90	(22)	4,034
Impact on account of adoption of Ind AS 116 (Refer to Note 2.2)	–	–	(19)	–	–	–	–	(19)
	34	25	2,887	1	1,000	90	(22)	4,015
Changes in equity for the year ended March 31, 2020								
Profit for the period	–	–	648	–	–	–	–	648
Fair value changes on investments, net of tax (Refer to Note 2.3)	–	–	–	–	–	–	6	6
Remeasurement of the net defined benefit liability / asset, net of tax	–	–	–	–	–	–	(3)	(3)
Total comprehensive income for the year	–	–	648	–	–	–	3	651
Transfer to Special Economic Zone Re-investment Reserve	–	–	(116)	–	–	116	–	–
Transfer from Special Economic Zone Re-investment Reserve on utilization	–	–	45	–	–	(45)	–	–
Balance as at March 31, 2020	34	25	3,464	1	1,000	161	(19)	4,666

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

[2]A description of the purposes of each reserve within equity have been disclosed in Note 2.10.

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

As per our report of even date attached

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

Anand Subramanian
Partner
Membership number: 110815

Bengaluru
April 16, 2020

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

Ravikumar Singisetti
Chairman and Director

Anantharaman Radhakrishnan
Managing Director and
Chief Executive Officer

Prem Pereira
Chief Financial Officer

Bindu Raghavan
Company Secretary

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.	Year ended March 31,	
		2020	2019
Cash flow from operating activities:			
Profit for the year		648	596
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation and amortization expense	2.1 and 2.2	153	83
Finance cost	2.2	32	–
Income tax expense	2.15	210	187
Sale of duty scrips		(27)	–
Profit on sale of property, plant and equipment		(1)	(1)
Interest on bank deposits and others		(170)	(102)
Income on other financial assets		(54)	(81)
Exchange differences on translation of assets and liabilities		(2)	(11)
Allowance for credit loss on financial assets		6	8
Other adjustments		9	6
Changes in assets and liabilities			
Trade receivables and unbilled revenue		(262)	(235)
Loans and other financial assets and other assets		(92)	(108)
Trade payables		(17)	43
Other financial liabilities, other liabilities and provisions		236	216
Cash generated from operations		669	601
Income taxes paid		(259)	(208)
Net cash from operating activities		410	393
Cash flow from investing activities:			
Expenditure on property, plant and equipment, net of sale proceeds		(70)	(61)
Loans to employees		(4)	(1)
Deposits placed with corporation		(10)	(16)
Interest received on bank deposits and others		202	129
Investment in subsidiary	2.3	–	(14)
Payment to acquire financial assets			
Non-convertible debentures		(252)	(66)
Certificates of deposit		(238)	(342)
Government bonds		(7)	(6)
Liquid mutual fund units and fixed maturity plan securities		(2,992)	(4,296)
Proceeds on sale of financial assets			
Non-convertible debentures		100	136
Government bonds		6	–
Certificates of deposit		370	390
Liquid mutual fund units and fixed maturity plan securities		3,006	4,277
Net cash from investing activities		111	130
Cash flows from financing activities:			
Payment of lease liabilities	2.2	(85)	–
Net cash used in financing activities		(85)	–

Particulars	Note no.	Year ended March 31,	
		2020	2019
Effect of exchange differences on translation of foreign currency cash and cash equivalents		1	11
Net increase in cash and cash equivalents		436	523
Cash and cash equivalents at the beginning of the period	2.7	1,837	1,303
Cash and cash equivalents at the end of the year	2.7	2,274	1,837
Supplementary information:			
Restricted cash balance	2.7	–	–

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

As per our report of even date attached

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

Anand Subramanian
Partner
Membership number: 110815

Bengaluru
April 16, 2020

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

Ravikumar Singisetti
Chairman and Director

Anantharaman Radhakrishnan
Managing Director and
Chief Executive Officer

Prem Pereira
Chief Financial Officer

Bindu Raghavan
Company Secretary

1. Overview

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 Company is a majority-owned and controlled subsidiary of Infosys Limited. The name of the Company was changed from Infosys BPO Limited to Infosys BPM Limited with effect from December 18, 2017.

The standalone financial statements are approved by the Company's Board of Directors on April 16, 2020.

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.

As the quarter and year-end figures are taken from the source and rounded to the nearest digits, the figures reported for the previous quarters might not always add up to the year-end figures reported in this standalone financial 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 period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in the standalone financial statements have been disclosed in Note 1.4. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as 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.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID 19)

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues and investment in subsidiaries. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information and related information, and economic forecasts. The Company expects to recover the carrying amount of these assets and will continue to closely monitor any material changes to future economic conditions.

1.4 Critical accounting estimates

a. Revenue recognition

The Company's contracts with customers include promises to transfer multiple products and services to a customer.

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved, in writing, by the parties to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligations to determine the deliverables and the ability of the customer to benefit independently from such deliverables, and allocation of transaction price to these distinct performance obligations involves significant judgment.

Fixed-price business process management services revenue is recognized ratably on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period. Revenue from fixed-price business process management services contract is recognized ratably using a percentage-of-completion method when the pattern of benefits from the services rendered to the customer and company's costs to fulfil the contract is not even through the period of the contract because the services are generally discrete in nature and not repetitive. The use of method to recognize the business process management revenues services requires judgment and is based on the promises in the contract and nature of the deliverables.

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

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 determine the actual efforts or costs expended to date as a proportion of the estimated total efforts or costs to be incurred. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. The estimation of total efforts or costs involves significant judgment and is assessed throughout the period of the contract to reflect any changes based on the latest available information.

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract. Also Refer to Note 2.16.

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. Also Refer to Note 2.15.

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. Also Refer to Note 2.1.

d. Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Infosys BPM's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. Also Refer to Note 2.2.

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 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 or 5 years whichever is lower

(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 ready 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 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.

The changes in the carrying value of property, plant and equipment for the year ended March 31, 2020 are as follows:

(in ₹ crore)

Particulars	Land – Leasehold	Buildings	Leasehold improvement	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as at April 1, 2019	12	154	118	61	111	308	67	831
Reclassified on account of adoption of Ind AS 116 (Refer to Note 2.2)	(12)	–	–	–	–	–	–	(12)
Additions	–	1	16	2	5	50	4	78
Deletions	–	–	(2)	–	(5)	(13)	(3)	(23)
Gross carrying value as at March 31, 2020	–	155	132	63	111	345	68	874
Accumulated depreciation as at April 1, 2019	1	67	93	45	104	233	60	603
Reclassified on account of adoption of Ind AS 116 (Refer to Note 2.2)	(1)	–	–	–	–	–	–	(1)
Depreciation	–	6	15	7	4	44	3	79
Accumulated depreciation on deletions	–	–	(1)	–	(5)	(13)	(2)	(21)
Accumulated depreciation as at March 31, 2020	–	73	107	52	103	264	61	660
Carrying value as at March 31, 2020	–	82	25	11	8	81	7	214
Carrying value as at April 1, 2019	11	87	25	16	7	75	7	228

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

(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.

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

2.2 Leases

Accounting policy

The Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contact involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset (ROU) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate 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 as Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a financing or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

Transition

Effective April 1, 2019, the Company adopted Ind AS 116, Leases and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our annual financial statements for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of ROU asset of ₹409 crore and a lease liability of ₹446 crore. Further, upon transition, the Company reclassified leasehold land previously accounted as finance lease under property, plant and equipment to ROU asset and deferred rent accounted under other liabilities to retained earnings. The cumulative effect of applying the standard of ₹19 crore was adjusted in retained earnings, net of taxes. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognize ROU assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the ROU asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 disclosed under Note 2.12 of the 2019 Annual financial statements and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 7%.

Following are the changes in the carrying value of right-of-use assets for the year ended March 31, 2020:

(in ₹ crore)

Particulars	Category of ROU asset		Total
	Land	Buildings	
Balance as of April 1, 2019	–	409	409
Reclassified on account of adoption of Ind AS 116 (Refer to Note 2.1)	11	–	11
Additions	–	103	103
Deletions	–	(22)	(22)
Amortization	(1)	(73)	(74)
Balance as of March 31, 2020	10	417	427

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss.

The break-up of current and non-current lease liabilities as at March 31, 2020 is as follows:

(in ₹ crore)

Particulars	Amount
Non-current lease liabilities	418
Current lease liabilities	70
Total	488

The movement in lease liabilities during the year ended March 31, 2020 is as follows:

(in ₹ crore)

Particulars	Amount
Balance as of April 1, 2019	446
Additions	103
Deletions	(25)
Finance cost accrued during the period	32
Payment of lease liabilities	(85)
Translation difference	17
Balance as of March 31, 2020	488

Rental expense recorded for short-term leases was ₹32 crore for the year ended March 31, 2020.

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

(in ₹ crore)

Particulars	Amount
Less than one year	99
One to five years	311
More than five years	221
Total	631

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

2.3 Investments

(in ₹ crore)

Particulars	As at March 31,	
	2020	2019
Non-current investments		
Equity instruments of subsidiaries	582	582
Government bonds	8	–
Non-convertible debentures	211	210
Fixed maturity plan securities	–	57
Total non-current investments	801	849
Current investments		
Liquid mutual fund units	66	70
Fixed maturity plan securities	61	–
Government bonds	–	6
Certificates of deposit	241	359
Non-convertible debentures	262	100
Total current investments	630	535
Total carrying value	1,431	1,384

(in ₹ crore), except as otherwise stated

Particulars	As at March 31,	
	2020	2019
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	20
	582	582
Quoted		
Investments carried at amortized cost		
Government bonds (Refer to Note 2.3.2)	8	–
	8	–

Particulars	As at March 31,	
	2020	2019
Investments carried at fair value through other comprehensive income		
Non-convertible debentures (Refer to Note 2.3.3)	211	210
	211	210
Investments carried at fair value through profit or loss		
Fixed maturity plan securities (Refer to Note 2.3.4)	–	57
	–	57
Total non-current investments	801	849
Current investments		
Unquoted		
Investments carried at fair value through profit or loss		
Liquid mutual fund units (Refer to Note 2.3.1)	66	70
	66	70
Investments carried at fair value through other comprehensive income		
Certificates of deposit (Refer to Note 2.3.5)	241	359
	241	359
Quoted		
Investments carried at amortized cost		
Government bonds (Refer to Note 2.3.2)	–	6
	–	6
Investments carried at fair value through other comprehensive income		
Non-convertible debentures (Refer to Note 2.3.3)	262	100
	262	100
Investments carried at fair value through profit or loss		
Fixed maturity plan securities (Refer to Note 2.3.4)	61	–
	61	–
Total current investments	630	535
Total investments	1,431	1,384
Aggregate amount of quoted investments	542	373
Market value of quoted investments (including interest accrued thereon) – Non-current	219	267
Market value of quoted investments (including interest accrued thereon) – Current	323	104
Aggregate amount of unquoted investments	889	1,011
Investment carried at cost	582	582
Investment carried at amortized cost	8	6
Investment carried at fair value through other comprehensive income	714	669
Investment carried at fair value through profit or loss	127	127

Refer to Note 2.9 for accounting policies on financial instruments.

Method of fair valuation

(in ₹ crore)

Class of investment	Method	As at March 31,	
		2020	2019
Non-convertible debentures	Quoted price and market observable inputs	473	310
Fixed maturity plan securities	Market observable inputs	61	57
Liquid mutual fund units	Quoted price	66	70
Certificates of deposit	Market observable inputs	241	359

2.3.1 Details of investments in liquid mutual fund units

The balances held in liquid mutual fund units as at March 31, 2020 and March 31, 2019 are as follows:

(in ₹ crore)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Units	Amount	Units	Amount
Aditya Birla Sun Life Cash Plus – Growth – Direct Plan	1,533,992	49	1,332,847	40
HDFC Liquid Fund – Direct Plan – Growth Option	–	–	40,821	15
IDFC Corporate Bond – Fund Direct Plan	11,902,495	17	11,902,495	15
	13,436,487	66	13,276,163	70

2.3.2 Details of investments in government bonds

The balances held in government bonds as at March 31, 2020 and March 31, 2019 are as follows:

(in ₹ crore)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Units	Amount	Units	Amount
Philippine T Bill PHY6972HAZ92 MAT Date MAY 29, 2019	–	–	–	6
Philippine T Bill PHY6972HAF39 MAT Date MAY 29, 2019	–	8	–	–
	–	8	–	6

2.3.3 Details of investments in non-convertible debentures

The balances held in non-convertible debentures as at March 31, 2020 and March 31, 2019 are as follows:

(in ₹ crore)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Units	Amount	Units	Amount
8.60% Life Insurance Corporation Housing Finance Limited 22JUL2020	1,000	107	1,000	106
8.60% Life Insurance Corporation Housing Finance Limited 29JUL2020	350	37	350	37
8.80% Life Insurance Corporation Housing Finance Limited 24DEC2020	650	66	650	67
7.78% Housing Development Finance Corporation Ltd 24MAR2020	–	–	100	100
7.585% Life Insurance Corporation Housing Finance Limited 11JUN2020	500	52	–	–
8.58% Housing Development Finance Corporation Ltd 22MAR2022	1,250	129	–	–
8.50% Life Insurance Corporation Housing Finance Limited 20JUN2022	750	82	–	–
	4,500	473	2,100	310

2.3.4 Details of investments in fixed maturity plan securities

The balances held in fixed maturity plan securities as at March 31, 2020 and March 31, 2019 are as follows:

(in ₹ crore)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Units	Amount	Units	Amount
ICICI FMP Series 80 – 1194 D Plan F Div	15,000,000	19	15,000,000	17
Nippon India Fixed Horizon Fund – XXXII Series 8 – Dividend Plan	15,000,000	18	15,000,000	16
HDFC FMP 1155D Feb 2017 – Direct Growth Series 37	10,000,000	12	10,000,000	12
Aditya Birla Sunlife Fixed-Term Plan – Series OD (1,145 days)	10,000,000	12	10,000,000	12
	50,000,000	61	50,000,000	57

2.3.5 Details of investments in certificate of deposits

The balances held in certificate of deposits as at March 31, 2020 and March 31, 2019 are as follows:

(in ₹ crore)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Units	Amount	Units	Amount
Kotak Mahindra Bank Limited CD 27 SEP 19	–	–	27,000	261
Axis Bank Limited CD August 9, 2019	–	–	10,000	98
Axis Bank Limited CD 30 October 30, 2020	10,000	97	–	–
Axis Bank Limited CD 13 January13, 2021	10,000	96	–	–
Axis Bank Limited CD 17 November 17, 2020	5,000	48	–	–
	25,000	241	37,000	359

2.4 Loans

(in ₹ crore)

Particulars	As at March 31,	
	2020	2019
Non-current		
Unsecured, considered doubtful		
Loans to employees	5	5
Less: Allowance for doubtful loans to employees	5	5
Total non-current loans	–	–
Current		
Unsecured, considered good		
Loans to employees	21	19
Total current loans	21	19
Total loans	21	19

2.5 Other financial assets

(in ₹ crore)

Particulars	As at March 31,	
	2020	2019
Non-current		
Security deposits (1)	3	3
Rental deposits (1)	38	31
Total non-current other financial assets	41	34
Current		
Security deposits (1)	1	–
Rental deposits (1)	1	–
Restricted deposits (1)**	108	98
Unbilled revenues (1) (3)*	158	127
Interest accrued but not due (1)	25	37
Foreign currency forward contracts (2)	–	14
Others (1) (3) (3)	4	1
Total current other financial assets	297	277
Total other financial assets	338	311
(1) Financial assets carried at amortized cost	338	297
(2) Financial assets carried at fair value through Profit or Loss	–	14
(3) Includes dues from holding company, subsidiaries and other group companies (Refer to Note 2.22)	7	7

* Classified as financial asset as right to consideration is conditional upon passage of time.

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

2.6 Trade receivables

(in ₹ crore)

Particulars	As at March 31,	
	2020	2019
Current [2]		
Unsecured		
Considered good [1]	935	715
Considered doubtful	18	15
	953	730
Less: Allowances for credit losses	18	15
Total trade receivables	935	715
[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)	65	60

2.7 Cash and cash equivalents

(in ₹ crore)

Particulars	As at March 31,	
	2020	2019
Balances with banks		
In current and deposit accounts	1,574	1,154
Cash on hand	–	–
Others		
Deposits with financial institution	700	683
	2,274	1,837
Deposits with more than 12 months maturity	555	400

Cash and cash equivalents as at March 31, 2020 and March 31, 2019 include restricted 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.

2.8 Other assets

(in ₹ crore)

Particulars	As at March 31,	
	2020	2019
Non-current		
Capital advances	–	1
Advances other than capital advance		
Prepaid gratuity	–	4
Others		
Prepaid expenses	1	1
Deferred contract cost[2]	90	51
Withholding taxes and others[3]	17	20
Total non-current other assets	108	77
Current		
Advances other than capital advance		
Payment to vendors for supply of goods	11	10
Others		
Prepaid expenses	31	17
Deferred contract cost[2]	22	7
Withholding taxes and others[3]	68	48
Unbilled revenues[1]	19	11
Others	28	–
Total current other assets	179	93
Total other assets	287	170

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

[2] 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. During year ended March 31, 2020, incremental costs of ₹ 66 crores have been recorded as deferred contract costs incurred with respect to acquisition of two contracts.

[3] Withholding and the other taxes primarily consists of input tax credit.

2.9 Financial instruments

Accounting policy

2.9.1 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.

2.9.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

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

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

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

2.9.3 Derecognition of financial instruments

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

2.9.4 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.

2.9.5 Impairment

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

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at March 31, 2020 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 2.7)	2,274	–	–	–	–	2,274	2,274
Investments (Refer to Note 2.3)							
Non-convertible debentures [1]	–	–	–	–	473	473	473
Government bonds	8	–	–	–	–	8	8
Liquid mutual fund units	–	–	66	–	–	66	66
Fixed maturity plan securities	–	–	61	–	–	61	61
Certificates of deposit	–	–	–	–	241	241	241
Trade receivables (Refer to Note 2.6)	935	–	–	–	–	935	935
Loans (Refer to Note 2.4)	21	–	–	–	–	21	21
Other financial assets (Refer to Note 2.5) [2]	338	–	–	–	–	338	338
Total	3,576	–	127	–	714	4,417	4,417
Liabilities:							
Trade payables (Refer to Note 2.12)	55	–	–	–	–	55	55
Lease liabilities (Refer to Note 2.2)	488	–	–	–	–	488	488
Other financial liabilities (Refer to Note 2.11)	407	–	18	–	–	425	425
Total	950	–	18	–	–	968	968

[1] The carrying value of debentures 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, 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 2.7)	1,837	–	–	–	–	1,837	1,837
Investments (Refer to Note 2.3)							
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

Particulars	Amortized cost	Financial assets / liabilities at fair value through profit or loss		Financial assets / liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Trade receivables (Refer to Note 2.6)	715	–	–	–	–	715	715
Loans (Refer to Note 2.4)	19	–	–	–	–	19	19
Other financial assets (Refer to Note 2.5) [2]	297	–	14	–	–	311	311
Total	2,874	–	141	–	669	3,684	3,684
Liabilities							
Trade payables (Refer to Note 2.12)	72	–	–	–	–	72	72
Other financial liabilities (Refer to Note 2.11)	345	–	1	–	–	346	346
Total	417	–	1	–	–	418	418

(1) The carrying value of debentures 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.

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 as at March 31, 2020 is as follows :

(in ₹ crore)

Particulars	As at March 31, 2020	Fair value measurement at end of the reporting year using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units (Refer to Note 2.3)	66	66	–	–
Investment in non-convertible debentures (Refer to Note 2.3) [1]	473	473	–	–
Investment in fixed maturity plan securities (Refer to Note 2.3)	61	–	61	–
Investment in certificates of deposit (Refer to Note 2.3)	241	–	241	–
Liabilities				
Derivative financial instruments - Fair value loss on outstanding foreign currency forward contracts (Refer to Note 2.11)	18	–	18	–

(1) During the year ended March 31, 2020, the non-convertible debentures of ₹ 143 crore were transferred from Level 2 to Level 1, since they were valued based on Quoted price.

The fair value hierarchy of assets and liabilities measured at fair value as at March 31, 2019 was as follows:

(in ₹ crore)

Particulars	As at March 31, 2019	Fair value measurement at end of the reporting year using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units (Refer to Note 2.3)	70	70	–	–
Investment in non-convertible debentures (Refer to Note 2.3)	310	167	143	–
Investment in fixed maturity plan securities (Refer to Note 2.3)	57	–	57	–
Investment in certificates of deposit (Refer to Note 2.3)	359	–	359	–
Derivative financial instruments - Fair value gain on outstanding foreign currency forward contracts (Refer to Note 2.5)	14	–	14	–
Liabilities				
Derivative financial instruments - Fair value loss on outstanding foreign exchange forward contracts (Refer to Note 2.11)	1	–	1	–

Financial risk management

Financial risk factors

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

Market risk

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

The following table analyzes foreign currency risk from monetary assets and liabilities as at March 31, 2020:

(in ₹ crore)

Particulars	US dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	Total
Cash and cash equivalents	65	21	3	6	14	109
Trade receivables	636	155	56	34	12	893
Other financial assets (including loans)	145	15	6	3	10	179
Trade payables	(27)	(2)	(4)	(2)	(1)	(36)
Other financial liabilities	(127)	(62)	(12)	(14)	(20)	(235)
Lease liabilities	(43)	(25)	(18)	(8)	(130)	(224)
Net assets / (liabilities)	649	102	31	19	(115)	686

The following table analyzes foreign currency risk from monetary assets and liabilities as at March 31, 2019:

(in ₹ crore)

Particulars	US dollars	Euro	United Kingdom Pound Sterling	Australian dollars	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

Sensitivity analysis between Indian Rupee and USD

Particulars	Year ended March 31,	
	2020	2019
Impact on the Company's incremental Operating Margins	0.36%	0.38%

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

Particulars	As at March 31,			
	2020		2019	
	In million	in ₹ crore	In million	in ₹ crore
Forward contracts				
In USD	59	446	83	574
In EUR	4	33	5	39
In GBP	–	–	10	90
In AUD	2	9	8	37
In PHP	400	60	–	–
Total forwards		548		740

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

(in ₹ crore)

Particulars	As at March 31,	
	2020	2019
Not later than one month	123	351
Later than one month and not later than three months	425	389
Later than three months and not later than one year	–	–
	548	740

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

(in ₹ crore)

Particulars	As at March 31,			
	2020		2019	
	Derivative financial asset	Derivative financial liability	Derivative financial asset	Derivative financial liability
Gross amount of recognized financial asset/ liability	–	(18)	14	(1)
Amount set off	–	–	–	–
Net amount presented in the Balance Sheet	–	(18)	14	(1)

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 ₹ 935 crore and ₹ 715 crore as March 31, 2020 and March 31, 2019, respectively and unbilled revenue amounting to ₹ 177 crore and ₹ 138 crore as at March 31, 2020 and March 31, 2019, 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 following table gives details in respect of percentage of revenues generated from top customer and top ten customers:

in %

Particulars	Year ended March 31,	
	2020	2019
Revenue from top customer	13%	8%
Revenue from top ten customers	42%	40%

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances is ₹ 4 crore and ₹ 6 crore for the year ended March 31, 2020 and March 31, 2019, respectively.

(in ₹ crore)

Particulars	Year ended March 31,	
	2020	2019
Balance at the beginning	15	8
Provisions recognized / (reversed)	4	6
Write-offs	–	–
Translation differences	(1)	1
Balance at the end	18	15

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, 2020, the Company had a working capital of ₹ 3,260 crore including cash and cash equivalents of ₹ 2,274 crore and current investments of ₹ 630 crore. 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, 2020 and March 31,2019, the outstanding compensated absences were ₹ 99 crore and ₹ 81 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, 2020:

(in ₹ crore)

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	55	–	–	–	55
Other financial liabilities (Refer to Note 2.11)	425	–	–	–	425

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 2.11)	346	–	–	–	346

2.10 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, 2020	As at March 31, 2019
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 3,38,23,444 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.

The details of shareholder holding more than 5% shares as at March 31, 2020 and March 31, 2019 are as follows:

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares*	% held	Number of shares	% held
Infosys Limited, the holding company	3,38,23,444	99.99	3,38,22,319	99.98

* Increase in shareholding of Infosys limited is due to transfer of 1125 equity shares from the other shareholders during year ended March 31, 2020.

II) Other equity

(in ₹ crore), except as otherwise stated

Particulars	As at March 31, 2020	As at March 31, 2019
i) Other reserves		
Others		
Securities premium [1]	25	25
Capital reserve	1	1
ii) Special economic zone re-investment reserve	161	90
	187	116

[1] The amount received in excess of par value has been classified as securities premium

Dividends

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

The Company declares and pays dividends in Indian rupee.

2.11 Other financial liabilities

(in ₹ crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Others		
Compensated absences	1	1
Total non-current other financial liabilities	1	1
Current		
Others		
Accrued compensation to employees [1]	188	171
Accrued expenses [1] [3]	157	141
Compensated absences	98	80
Capital creditors [1]	4	10
Other payables [1] [4] *	58	23
Foreign currency forward contracts [2]	18	1
Total current other financial liabilities	523	426
Total other financial liabilities	524	427

Particulars	As at March 31,	
	2020	2019
(1) Financial liability carried at amortized cost	407	345
(2) Financial liability carried at fair value through profit or loss	18	1
(3) Includes dues to holding company (Refer to Note 2.22)	–	2
(4) Includes dues to holding, subsidiaries and other group companies (Refer to Note 2.22)	7	6
*Includes contract cost liability of ₹19 crores for acquisition of a contract		

2.12 Trade payables

(in ₹ crore)

Particulars	As at March 31,	
	2020	2019
Current		
Total outstanding dues of micro enterprises and small enterprises	–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises (1)	55	72
	55	72
(1) Includes dues to holding, subsidiaries and other group companies (Refer to Note 2.22)	27	22

2.13 Other liabilities

(in ₹ crore)

Particulars	As at March 31,	
	2020	2019
Non-current		
Deferred rent*	–	10
Total non-current other liabilities	–	10
Current		
Unearned revenue	293	184
Others		
Withholding taxes and others	88	70
Deferred rent*	–	2
Client deposits	1	5
Total current other liabilities	382	261
Total other liabilities	382	271

* On adoption of Ind AS 116, the balance in deferred rent has been adjusted in retained earnings (Refer to Note 2.2).

2.14 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 on 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 Statement of Profit or 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.

The Company provides its clients with a fixed-period post-sales support on 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 Statement of Profit or 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.

The provision for post sales client support and others as at March 31, 2020 and March 31, 2019 is as follows:

(in ₹ crore)

Particulars	As at March 31,	
	2020	2019
Others		
Post-sales client support and others	28	28
Total provisions	28	28

Provision for post-sales client support and others

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

(in ₹ crore)

Particulars	As at March 31,	
	2020	2019
Balance at the beginning	28	22
Provision recognized / (reversed)	5	14
Provision utilized	(5)	(8)
Exchange difference	–	–
Balance at the end	28	28

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

2.15 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	Year ended March 31,	
	2020	2019
Current taxes	244	195
Deferred taxes	(34)	(8)
Income tax expense	210	187

Income tax expense for the year ended March 31, 2020 and March 31, 2019 includes reversal (net of additional provisions) of ₹ 15 crore and ₹ 6 crore respectively, pertaining to earlier periods.

Income tax expense for the year ended March 31, 2020 and March 31, 2019 includes MAT credit of less than ₹ 1 crore and ₹ 4 crore, respectively, pertaining to earlier periods.

Entire deferred income tax for the year ended March 31, 2020 and March 31, 2019 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 below:

(in ₹ crore)

Particulars	Year ended March 31,	
	2020	2019
Profit before income taxes	858	783
Enacted tax rates in India	34.94%	34.94%
Computed expected tax expense	300	274
Tax effect due to non-taxable income for Indian tax purposes	(84)	(75)
Tax effect of non-deductible losses of 10AA units	3	–
Overseas taxes	14	11
Tax provision (reversals)	(15)	(10)
Effect of non-deductible expenses	(2)	(6)
Others	(6)	(7)
Income tax expense	210	187

The applicable Indian statutory tax rates for fiscal 2020 and fiscal 2019 is 34.94% and 34.94% respectively.

In India, the Company 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. 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 as of March 31, 2020 and March 31, 2019 are as follows:

(in ₹ crore)

Particulars	As at March 31,	
	2020	2019
Income tax assets	125	96
Current income tax liabilities	(25)	(16)
Net income tax assets/ (liability) at the end	100	80

The gross movement in the current income tax asset / (liability) for the year ended March 31, 2020 and March 31, 2019 is as follows:

(in ₹ crore)

Particulars	Year ended March 31,	
	2020	2019
Net income tax asset / (liability) at the beginning	80	65
Translation differences	4	–
Income tax paid	259	208
Income tax expense	(244)	(199)
MAT credit utilization	–	4
Income tax on other comprehensive income	1	2
Net income tax asset / (liability) at the end	100	80

The movement in gross deferred income tax assets and labilities for the year ended March 31, 2020 is as follows:

Particulars	Carrying value as on April 1, 2019	Changes through profit and loss	Changes through OCI	Impact on account of Ind AS 116	Translation difference	Carrying value as on March 31,2020
Deferred income tax assets						
Property, plant and equipment	29	4	–	–	–	33
Lease liabilities	3	7	–	6	–	16
Compensated absences	23	5	–	–	–	28
Trade receivables	5	2	–	–	–	7
Derivative financial Instruments	(5)	11	–	–	–	6
Others	3	5	(1)	–	–	7
Total deferred tax assets	58	34	(1)	6	–	97

The movement in gross deferred income tax assets and labilities for the year ended March 31, 2019 was as follows:

Particulars	Carrying value as on April 01,2018	Changes through profit and loss	Changes through OCI	Impact on account of Ind AS 116	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
Derivative financial Instruments	–	(5)	–	–	–	(5)
Others	5	1	–	–	–	6
Total deferred tax assets	50	8	–	–	–	58

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 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.

The credits relating to temporary differences during the year ended March 31, 2020 and March 31, 2019 are primarily on account of property, plant and equipment, compensated absences, lease liability and others partially offset by reversal of credits pertaining to derivative financial instruments.

2.16 Revenue from operations

Accounting policy

The Company derives revenues primarily from business process management services. Arrangements with customers for business process management services are either on a fixed-timeframe, unit of work or on a time-and-material basis.

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties, in writing, to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Company has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Company allocates the transaction price to each distinct performance obligation based on the 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 the absence of such evidence, the primary method used to estimate standalone selling price is the expected cost plus a margin, under which the Company estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services.

Revenue on time-and-material contracts are recognized as the related services are performed. Fixed-price business process management services revenue is recognized ratably either on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period or using a percentage of completion method when the pattern of benefits from the services rendered to the customer and Company's costs to fulfil the contract is not even through the period of contract because the services are generally discrete in nature and not repetitive.

Revenue from other fixed-timeframe contracts, where the performance obligations are satisfied over time is recognized using the percentage-of-completion method. Efforts or costs expended have been used to determine progress towards completion as there is a direct relationship between input and productivity. Progress towards completion is measured as the ratio of costs or efforts incurred to date (representing work performed) to the estimated total costs or efforts. Estimates of transaction price and total costs or efforts are continuously monitored over the lives of the contracts and are recognized in profit or loss in the period when these estimates change or when the estimates are revised. Revenues and the estimated total costs or efforts are subject to revision as the contract progresses. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

The billing schedules agreed with customers include periodic performance-based billing and / or milestone-based progress billings. Revenues in excess of billing are classified as unbilled revenue while billing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

The Company's contracts may include variable consideration including rebates, volume discounts and penalties. The Company includes variable consideration as part of transaction price when there is a basis to reasonably estimate the amount of the variable consideration and when it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS).When implementation services are provided in conjunction with the licensing arrangement and the license and implementation have been identified as two distinct 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 Group uses the expected cost plus margin approach in estimating the standalone selling price. 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.

The incremental costs of obtaining a contract (i.e., costs that would not have been incurred if the contract had not been obtained) are recognized as an asset if the Company expects to recover them. Any capitalized contract costs are amortized, with the expense recognized as the Company transfers the related goods or services to the customer.

Revenue from operations for the and year ended March 31, 2020 and March 31, 2019 is as follows:

(in ₹ crore)

Particulars	Year ended March 31,	
	2020	2019
Income from business process management services	4,595	3,932
	4,595	3,932

The Company has evaluated the impact of COVID – 19 resulting from (i) the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts;(ii) onerous obligations;(iii) penalties relating to breaches of service level agreements, and (iv) termination or deferment of contracts by customers. The Company has concluded that the impact of COVID – 19 is not material based on these estimates. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers for year ended March 31, 2020 and March 31, 2019 by offerings. 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.

(in ₹ crore)

Particulars	Year ended March 31,	
	2020	2019
Revenue by offerings		
Digital	523	384
Core	4,072	3,548
Total	4,595	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 (ex: mortgage, claim processing, etc.) and enterprise services (ex: finance and accounting, HRD, supply services, etc.)

Trade receivables and contract balances

The timing of revenue recognition, billings and cash collections results in receivables, unbilled revenue, and unearned revenue on the Company's Balance Sheet. Amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., monthly or quarterly) or upon achievement of contractual milestones.

Receivables are rights to consideration that are unconditional. Unbilled revenues comprising revenues in excess of billings from time and material contracts and fixed price business process management services are classified as financial asset when the right to consideration is unconditional and is due only after a passage of time.

Invoicing to the clients for other fixed time frame contracts is based on milestones as defined in the contract and therefore the timing of revenue recognition is different from the timing of invoicing to the customers. Therefore, unbilled revenues for other fixed-timeframe contracts are classified as non-financial asset (contract asset) because the right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

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

During the year ended March 31, 2020 and March 31, 2019, the Company recognized revenue of ₹ 140 crore and ₹ 33 crore arising from opening unearned revenue as of April 1, 2019 and April 1, 2018 respectively.

During the year ended March 31, 2020 and March 31, 2019, ₹ 11 crore and ₹ 4 crore of unbilled revenue pertaining to fixed price development contracts as of April 1, 2019 and April 1, 2018 respectively has been reclassified to Trade receivables upon billing to customers on completion of milestones.

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, 2020 other than those meeting the exclusion criteria mentioned above, is ₹ 2,800 crore. Out of this, the Company expects to recognize revenue of around 30.20% 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.

2.17 Other income, net

Accounting policy

2.17.1 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.

2.17.2 Foreign currency

a. Functional currency

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

c. 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 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.

Effective April 1 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 for the and year ended March 31, 2020 and March 31, 2019 is as follows:

(in ₹ crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest received on financial assets carried at amortized cost		
Government bonds	–	–
Deposit with banks and others	170	102
Interest Income on financial assets carried at fair value through other comprehensive income		
Non-convertible debentures	26	26
Certificates of deposit	14	38
Income on investments carried at fair value through profit or loss		
Gains / (losses) on liquid mutual funds units	14	17
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	(20)	7
Exchange gains / (losses) on translation of other assets and liabilities	37	4
Miscellaneous income, net*	45	27
	290	225

* Includes sale of duty scrips of ₹27 crore for the year ended March 31, 2020 (₹25 crores for year ended March 31, 2019).

2.18 Expenses

(in ₹ crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Employee benefit expenses		
Salaries including bonus	2,796	2,309
Contribution to provident and other funds	96	93
Staff welfare	34	32
	2,926	2,434
Cost of technical sub-contractors and professional charges		
Cost of technical sub-contractors	332	246
Legal and professional	27	33
Recruitment and training	26	23
	385	302
Other expenses		
Consumables	5	7
Brand building and advertisement	7	6
Marketing expenses	6	4
Rates and taxes	5	6
Contribution towards Corporate Social Responsibility	16	16
Communication expenses	66	51
Power and fuel	29	29
Repairs and maintenance	125	94
Bank charges and commission	1	2
Impairment loss recognized / (reversed) under expected credit loss model	4	6
Professional membership and seminar participation fees	1	1
Provision for doubtful loans and advances	2	2
Provision for post sales client support and others	1	6
Cost of software packages	71	40
Insurance	6	4
Auditor's remuneration		
Statutory audit fees	–	1
Tax matters	–	–
Reimbursement of expenses	–	–
Others	4	4
	349	279

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 BPM 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 is 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 BPM 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 following tables set out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements as of March 31, 2020 and March 31, 2019:

(in ₹ crore)

Particulars	As at March 31,	
	2020	2019
Change in benefit obligations		
Benefit obligations at the beginning	94	78
Service cost	12	11
Interest expense	6	6
Transfer of obligation	(1)	(1)
Remeasurements – Actuarial (gains) / losses	4	8
Benefits paid	(12)	(8)
Benefit obligations at the end	103	94
Change in plan assets		
Fair value of plan assets at the beginning	98	83
Interest income	7	7
Transfer of employees	(1)	(1)
Remeasurements – Return on plan assets excluding amounts included in interest income	–	1
Contributions	11	16
Benefits paid	(12)	(8)
Fair value of plan assets at the end	103	98
Funded status	–	4
Prepaid gratuity asset	–	4

The amount for the year ended March 31, 2020 and March 31, 2019 recognized in the Statement of Profit and Loss under employee benefit expenses are as follows:

(in ₹ crore)

Particulars	Year ended March 31,	
	2020	2019
Service cost	12	11
Net interest on the net defined benefit liability / (asset)	(1)	(1)
Net gratuity cost	11	10

The amount for the year ended March 31, 2020 and March 31, 2019 recognized in the Statement of Other Comprehensive Income are as follows:

(in ₹crore)

Particulars	Year ended March 31,	
	2020	2019
Remeasurements of the net defined benefit liability / (asset)		
Actuarial (gains) / losses	4	8
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability / (asset)	–	(1)
	4	7

(in ₹crore)

Particulars	Year ended March 31,	
	2020	2019
(Gain) / loss from change in demographic assumptions	–	–
(Gain) / loss from change in financial assumptions	2	1
(Gain) / loss from change in experience assumptions	2	7
	4	8

The weighted-average assumptions used to determine benefit obligations as of March 31, 2020 and March 31, 2019 are as follows:

in %

Particulars	As at March 31,	
	2020	2019
Discount rate	6.2	7.1
Weighted average rate of increase in compensation levels	7.5	7.5

The weighted-average assumptions used to determine net periodic benefit cost for the year ended March 31, 2020 and March 31, 2019 are as follows:

Particulars	Year ended March 31,	
	2020	2019
Discount rate (%)	7.1	7.1
Weighted average rate of increase in compensation levels (%)	7.5	7.5
Weighted average duration of defined benefit obligation	5.9 years	5.9 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,
	2020
Discount rate	3
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, 2020 and March 31, 2019, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the year ended March 31, 2020 and March 31, 2019 were ₹ 7 crore and ₹ 7 crore respectively.

Maturity profile of defined benefit obligation:

(in ₹ crore)

Within 1 year	32
1-2 year	28
2-3 year	24
3-4 year	21
4-5 year	19
5-10 years	51

(b) Superannuation

The Company contributed ₹ 6 crore to the Superannuation Trust for the year ended March 31, 2020 (₹ 6 crore for the year ended March 31, 2019).

(c) Provident fund

The Company contributed ₹ 78 crore towards Provident Fund for the year ended March 31, 2020 (₹ 72 crore for the year ended March 31, 2019).

(d) Pension fund

The Company contributed ₹ 9 crore to pension funds for the year ended March 31, 2020 (₹ 9 crore for the year ended March 31, 2019).

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.

A 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,	
	2020	2019
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,	
	2020	2019
Contingent liabilities		
Claims against the Company, not acknowledged as debts [(1)]	126	134
[Amount paid to statutory authorities ₹ 49 crore (₹ 64 crore)]		
Commitments		
Estimated amount of contacts remaining to be executed on capital contracts and not provided for (net of advances and deposits)	34	36

[(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, 2010, 2011, 2012, 2013, 2015 and 2016. 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 subsidiaries	Country	Holding as at March 31,	
		2020	2019
Holding			
Infosys Limited	India	Holding Company	Holding Company
Subsidiaries			
Infosys (Czech Republic) Limited s.r.o. [(1)]	Czech Republic	100%	100%
Infosys Poland Sp z.o.o [(1)]	Poland	100%	100%
Infosys BPO Americas LLC. [(1)]	US	100%	100%
Infosys McCamish Systems LLC [(1)]	US	100%	100%
Portland Group Pty. Ltd [(1)]	Australia	100%	100%
Infosys Consulting Sp. z.o.o. [(32)]	Poland	100%	–

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) [(25)]	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	US
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH (formerly Lodestone Management Consultants GmbH) [(2)]	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	US
Infosys Chile SpA	Chile
Infosys Arabia Limited [(3)]	Saudi Arabia
Infosys Consulting Ltda. [(3)]	Brazil
Infosys CIS LLC [(2) (18) (26)]	Russia
Infosys Luxembourg S.a.r.l [(2) (13)]	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

Fellow subsidiaries	Country
Infosys Canada Public Services Inc [19]	Canada
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc. [5] [11]	US
Infosys Management Consulting Pty. Limited [5]	Australia
Infosys Consulting AG [5]	Switzerland
Infosys Consulting GmbH [5]	Germany
Infosys Consulting S.R.L. [2]	Romania
Infosys Consulting SAS [5]	France
Infosys Consulting s.r.o. [5]	Czech Republic
Infosys Consulting (Shanghai) Co. Ltd. (formerly Lodestone Management Consultants Co., Ltd) [5]	China
Infy Consulting Company Ltd [5]	UK
Infy Consulting B.V. [5]	The Netherlands
Lodestone Management Consultants Portugal, Unipessoal, Lda. [5]	Portugal
Infosys Consulting S.R.L. [5]	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) [6]	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd. [7]	Israel
Panaya GmbH [7]	Germany
Panaya Japan Co. Ltd [31]	Japan
Brilliant Basics Holdings Limited (Brilliant Basics) [2]	UK
Brilliant Basics Limited [8]	UK
Brilliant Basics (MENA) DMCC [8] [26]	UAE
Infosys Consulting Pte Limited (Infosys Singapore) [2]	Singapore
Infosys Middle East FZ LLC [9]	UAE
Fluido Oy [9] [14]	Finland
Fluido Sweden AB (Extero) [15]	Sweden
Fluido Norway A/S [15]	Norway
Fluido Denmark A/S [15]	Denmark
Fluido Slovakia s.r.o [15]	Slovakia
Fluido Newco AB [15]	Sweden
Infosys Compaz Pte. Ltd (formerly Trusted Source Pte. Ltd) [16]	Singapore
Infosys South Africa (Pty.) Ltd [9] [17]	South Africa
WongDoody Holding Company Inc. (WongDoody) [10]	US
WDW Communications, Inc [12]	US
WongDoody, Inc [12]	US
HIPUS [20]	Japan
Stater N.V. [21]	The Netherlands
Stater Nederland B.V. [22]	The Netherlands
Stater Duitsland B.V. [22]	The Netherlands
Stater XXL B.V. [22]	The Netherlands
HypoCasso B.V. [22]	The Netherlands
Stater Participations B.V. [22]	The Netherlands
Stater Deutschland Verwaltungs-GmbH [23]	Germany
Stater Deutschland GmbH & Co. KG [23]	Germany
Stater Belgium N.V./S.A. [24]	Belgium
Outbox systems Inc. dba Simplus (US) [27]	US
Simplus North America Inc. [28]	Canada
Simplus ANZ Pty. Ltd. [28]	Australia
Simplus Australia Pty. Ltd [30]	Australia
Sqware Peg Digital Pty. Ltd [30]	Australia
Simplus Philippines, Inc. [28]	Philippines
Simplus Europe, Ltd. [28]	UK
Simplus UK, Ltd. [29]	UK
Simplus Ireland, Ltd. [29]	Ireland

[1] Wholly-owned subsidiary of Infosys BPM Limited

[2] Wholly-owned subsidiary of Infosys Limited

[3] Majority-owned and controlled subsidiary of Infosys Limited

[4] Liquidated effective November 17, 2019

(5) Wholly-owned Subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(6) Majority-owned and controlled Subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Wholly-owned Subsidiary of Panaya Inc.
(8) Wholly-owned Subsidiary of Brilliant Basics Holding Limited.
(9) Wholly-owned Subsidiary of Infosys Consulting Pte Ltd
(10) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
(11) Liquidated effective May 4, 2018
(12) Wholly-owned subsidiary of WongDoody
(13) Incorporated effective August 6, 2018
(14) On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
(15) Wholly-owned subsidiary of Fluido Oy
(16) On November 16, 2018, Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
(17) Incorporated effective December 19,2018
(18) Incorporated effective November 29, 2018
(19) Incorporated effective November 27, 2018, wholly-owned subsidiary Infosys Public Services Inc
(20) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd, Japan
(21) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V.
(22) Majority-owned and controlled subsidiaries of Stater N.V.
(23) Majority-owned and controlled subsidiaries of Stater Duitsland B.V.
(24) Majority-owned and controlled subsidiaries of Stater Participations B.V.
(25) Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly-owned subsidiary of Infosys Limited
(26) Under liquidation
(27) On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.
(28) Wholly-owned subsidiary of Outbox Systems Inc.
(29) Wholly-owned subsidiary of Simplus Europe, Ltd.
(30) Wholly-owned subsidiary of Simplus ANZ Pty. Ltd..
(31) Liquidated effective October 31, 2019
(32) On February 20, 2020, Infosys Poland Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG (formerly Lodestone Holding AG).

List of other related parties

Name of Trust	Country	Nature of relationship
Infosys BPM Limited Employees' Superannuation Fund Trust (formerly Infosys BPO Limited Employees Superannuation Fund Trust)	India	Post-employment benefit plan of Infosys BPM (Formerly known as Infosys BPO)
Infosys BPM Limited Employees' Gratuity Fund Trust (formerly Infosys BPO Limited Employees' Gratuity 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 as at March 31, 2020 and March 31, 2019 are as follows:

(in ₹ crore)

Particulars	As at March 31,	
	2020	2019
Trade receivables		
Infosys Limited	59	54
Infosys Poland Sp z.o.o	–	–
EdgeVerve	1	1
Infosys McCamish Systems LLC	2	2
Portland Group Pty. Ltd.	–	–
Infosys Public Services	1	1
Infosys Mexico	–	1
Infosys China	1	1
Stater N.V.	1	–
Infy Consulting Company Limited	–	–
	65	60
Other financial assets		
Infosys Limited	6	6
Infosys (Czech Republic) Limited s.r.o.	–	–
Infosys Mexico	–	–
EdgeVerve	–	1
HIPUS	1	–

Particulars	As at March 31,	
	2020	2019
	7	7
Trade payables		
Infosys Limited	12	12
Infosys McCamish Systems LLC	9	7
Infosys Poland Sp z.o.o	5	–
Infosys Management Consulting Pty. Limited	1	1
Infosys (Czech Republic) Limited s.r.o.	–	1
Infy Consulting Company Limited	–	1
EdgeVerve	–	–
Infosys China	–	–
	27	22
Other financial liabilities		
Infosys Limited	6	6
EdgeVerve	1	–
Infosys McCamish Systems LLC	–	–
Portland Group Pty. Ltd	–	–
Infosys Poland Sp. z.o.o	–	–
	7	6
Accrued expense		
Infosys Limited	–	2
Stater N.V.	–	–
	–	2

The details of the related parties transactions entered into by the Company for the year ended March 31, 2020 and March 31, 2019 are as follows:

(in ₹ crore)

Particulars	Year ended March 31,	
	2020	2019
Capital transactions		
Equity		
Infosys BPO Americas LLC	–	13
	–	13
Revenue transactions		
Purchase of services		
Infosys Limited	121	101
Infosys McCamish Systems LLC	102	54
Infosys Poland Sp z.o.o	14	7
Infosys Management Consulting Pty. Limited	6	5
Infosys (Czech Republic) Limited s.r.o.	6	2
Portland Group Pty. Limited	1	6
Infy Consulting Company Limited	3	9
EdgeVerve	2	4
Infosys Consulting Pte. Ltd.	–	4
Infosys China	2	–
WDW Communications, Inc.	–	–
	257	192
Purchase of shared services including facilities and personnel		
Infosys Limited	25	27
	25	27
Sale of services		
Infosys Limited	733	655
Infosys McCamish Systems LLC	28	30
Infosys Public Services	14	20
EdgeVerve	4	4
Infy Consulting Company Limited	–	–
Infosys Mexico	–	1
Infosys China	–	–

Particulars	Year ended March 31,	
	2020	2019
Portland Group Pty. Ltd	2	2
Infosys (Czech Republic) Limited s.r.o.	–	1
Stater Nederland B.V.	2	–
Stater N.V.	1	–
HIPUS	1	–
	785	713
Sale of shared services including facilities and personnel		
Infosys Limited	3	3
	3	3

List of key management personnel

Name of the related party	Designation
Anantharaman Radhakrishnan	Managing Director and Chief Executive Officer
Prof. Jayanth R. Varma [(6)]	Independent Director
Ravikumar Singisetti	Chairman and Director
Inderpreet Sawhney [(3)]	Director
Sangita Singh [(2)]	Director
D.N. Prahlad [(1)]	Director
Prem Pereira [(5)]	Chief Financial Officer
Nishit Ajitkumar Shah [(4)]	Chief Financial Officer
Bindu Raghavan	Company Secretary
Gopal Devanahalli [(7)]	Additional Director
Michael Nelson Gibbs [(7)]	Additional Director

(1) Appointed as a Director effective January 6, 2017. Resigned effective April 15, 2019

(2) Resigned as Director effective June 23, 2018

(3) Appointed as a director effective October 13, 2018

(4) Resigned as a Chief Financial Officer effective January 16, 2019

(5) Appointed as a Chief Financial Officer effective January 17, 2019

(6) Retired as director effective April 30, 2019

(7) Appointed as an Additional Director effective July 10, 2019

Transaction with key management personnel

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

(in ₹ crore)

Particulars	Year ended March 31,	
	2020	2019
Salaries and other employee benefits to whole-time directors and executive officers	5	5
Commission and other benefits to non-executive / independent directors	–	–
Total	5	5

2.23 Segment reporting

The Company presents its standalone 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)

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 (i) above	16	–	16
	16	–	16

2.25 Function-wise classification of Statement of Profit and Loss

(in ₹ crore)

Particulars	Year ended March 31,	
	2020	2019
Revenue from operations	4,595	3,932
Cost of sales	3,439	2,856
Gross profit	1,156	1,076
Operating expenses		
Selling and marketing expenses	219	200
General and administration expenses	337	318
Total operating expenses	556	518
Operating profit	600	558
Other income	290	225
Finance cost	(32)	–
Profit before tax	858	783
Tax expense:		
Current tax	244	195
Deferred tax	(34)	(8)
Profit for the year	648	596
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of the net defined benefit liability / asset, net	(3)	(4)
	(3)	(4)
Items that will be reclassified to profit or loss		
Fair value changes on investments, net	6	1
	6	1
Total other comprehensive income, net of tax	3	(3)
Total comprehensive income for the year	651	593

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

Ravikumar Singisetti
Chairman and Director

Anantharaman Radhakrishnan
Managing Director and Chief Executive Officer

Prem Pereira
Chief Financial Officer

Bindu Raghavan
Company Secretary

Bengaluru
April 16, 2020

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EdgeVerve Systems Limited

Independent Auditor's Report

To The Members Of Edgeverve Systems Limited

Report on the Audit of the 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, 2020, 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 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, 2020, 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 (SAs) 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 (ICAI) together with the ethical 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

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

The Board of Directors 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 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 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 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 Flows 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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
UDIN: 20110128AAAAAV1332

Place: Bengaluru
Date: April 16, 2020

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, 2020 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 ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 ICAI 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, 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, 2020, based on the internal financial 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 ICAI.

For Deloitte Haskins & Sells Llp
Chartered Accountants
Firm's Registration number :117366W/W-100018

Gurvinder Singh
Partner
Membership number : 110128
UDIN: 20110128AAAAAV1332

Place: Bengaluru
Date: April 16, 2020

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

v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2020 and therefore, the provisions of the Clause 3 (v) of the Order are not applicable to the Company.

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

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

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Services 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 Services Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2020 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 Services Tax which have not been deposited as at March 31, 2020 on account of dispute are given below:

Nature of the statute	Nature of dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount ₹ Lakhs
The Income Tax Act, 1961	Income Tax	Appellate Tribunal	AY 2016-17	8

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

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

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

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

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

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 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
UDIN: 20110128AAAAAV1332

Place: Bengaluru
Date: April 16, 2020

Balance Sheet

in ₹ lakh

Particulars	Note No.	As at March 31, 2020	2019
Assets			
Non-current assets			
Property, plant and equipment	2.1	4,357	4,599
Right-of-use assets	2.15	2,036	-
Capital work-in-progress		3	-
Financial assets			
Loans	2.3	6	8
Other financial assets	2.4	2,590	3,800
Deferred tax assets (net)	2.14	1,035	1,191
Other non-current assets	2.7	981	1,351
Income tax assets (net)	2.14	31,636	22,696
Total non-current assets		42,644	33,645
Current assets			
Financial assets			
Investments	2.2	1,101	1,001
Trade receivables	2.5	14,624	13,186
Cash and cash equivalents	2.6	2,072	8,070
Loans	2.3	356	443
Other financial assets	2.4	26,457	25,800
Other current assets	2.7	13,099	14,693
Total current assets		57,709	63,193
Total assets		1,00,353	96,838
Equity and liabilities			
Equity			
Equity share capital	2.9	1,31,184	1,31,184
Other equity		(1,91,925)	(2,30,044)
Total equity		(60,741)	(98,860)
Liabilities			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	2.10	1,18,469	1,48,273
Lease liabilities	2.15	1,328	–
Other non-current liabilities	2.12	–	396
Total non-current liabilities		1,19,797	1,48,669
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		3,627	2,324
Lease liability	2.15	1,028	–
Other financial liabilities	2.10	23,060	28,496
Other current liabilities	2.12	13,343	15,858
Provisions	2.13	239	351
Total current liabilities		41,297	47,029
Total equity and liabilities		1,00,353	96,838

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 No : 117366W/ W-100018	for and on behalf of the Board of Directors of EdgeVerve Systems Limited		
Gurvinder Singh *Partner* Membership number : 110128	Mohit Joshi *Chairman*	Sanat Rao *Whole-time Director*	Atul Soneja *Whole-time Director*
Bengaluru April 16, 2020	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.	Year ended March 31,	
		2020	2019
Revenue from operations	2.16	2,49,683	2,53,831
Other income, net	2.17	1,113	380
Total Income		2,50,796	2,54,211
Expenses			
Employee benefit expenses	2.18	71,604	75,212
Cost of technical sub-contractors		59,722	45,264
Travel expenses	2.18	10,792	12,700
Cost of software packages and others	2.18	16,382	19,200
Consultancy and professional charges		9,817	10,248
Depreciation expense	2.1 & 2.15	2,644	2,234
Finance Cost		10,855	14,108
Other expenses	2.18	16,225	14,860
Total expenses		1,98,041	1,93,826
Profit before tax		52,755	60,385
Tax expense:			
Current tax	2.14	14,725	19,398
Deferred tax	2.14	111	441
Profit for the year		37,919	40,546
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability / asset		124	327
Items that will be reclassified subsequently to profit or loss		–	–
Total other comprehensive income, net of tax		124	327
Total comprehensive income for the year		38,043	40,873
Earnings per equity share			
Equity shares of par value of ₹ 10 each			
Basic and Diluted (₹)		2.89	3.09
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 No : 117366W/ W-100018

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

Gurvinder Singh
Partner
Membership number : 110128

Mohit Joshi
Chairman

Sanat Rao
Whole-time Director

Atul Soneja
Whole-time Director

Bengaluru
April 16, 2020

Rajesh Kini
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Statement of Change in Equity

in ₹ lakh

Particulars	Equity share capital	Other Equity				Total
		Reserve and surplus			Other comprehensive income	
		Retained earnings	Debenture redemption Reserve [1]	Capital Reserve		
				Business Transfer Adjustment Reserve [2]		
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)
Balance as of April 1, 2019	1,31,184	66,356	48,750	(3,44,760)	(390)	(98,860)
Impact on account of adoption of Ind AS 116 (Refer note 2.15)		76				76
Restated Balances as on April 1, 2019	1,31,184	66,432	48,750	(3,44,760)	(390)	(98,784)
Changes in equity for the year ended March 31, 2020						–
Transfer from debenture redemption reserve	–	37,000	–	–	–	37,000
Transfer to retained earnings	–	–	(37,000)	–	–	(37,000)
Remeasurement of the net defined benefit liability/asset, net of tax effect	–	–	–	–	124	124
Profit for the year	–	37,919	–	–	–	37,919
Balance as of March 31, 2020	1,31,184	1,41,351	11,750	(3,44,760)	(266)	(60,741)

[1] The Company has created Debenture Redemption Reserve required under Sec 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 No : 117366W/ W-100018

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

Gurvinder Singh
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Whole-time Director

Atul Soneja
Whole-time Director

Bengaluru
April 16, 2020

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	Note no.	Year ended March 31,	
		2020	2019
Cash flow from operating activities:			
Profit for the year		37,919	40,546
Adjustments to reconcile net profit to net cash generated by operating activities:			
Depreciation	2.1 & 2.15	2,644	2,234
Income tax expense	2.14	14,836	19,839
Impairment loss recognized on financial assets	2.18	362	162
Provision / (Reversal) for post-sales client support and others	2.18	(54)	(684)
Profit / Loss on sale of fixed assets	2.17	(1)	45
Interest expenses		10,855	14,108
Interest income	2.17	(420)	(434)
(Gain) / Loss on investments	2.17	(277)	(413)
Exchange difference on translation of assets and liabilities		123	(25)
Changes in assets and liabilities			
Trade receivables and unbilled revenue		(114)	(7,280)
Other financial assets and other assets		1,158	2,411
Trade payables	2.11	1,303	(7,658)
Other financial liabilities, other liabilities and provisions		(8,978)	9,284
Cash generated from operations		59,356	72,135
Income taxes paid		(23,665)	(22,974)
Net cash from operating activities		35,691	49,161
Cash flow from investing activities:			
Expenditure on property, plant and equipment		(1,928)	(1,507)
Loans to employees	2.3	89	86
Payments to acquire financial assets			
Liquid mutual fund units		(1,32,246)	(1,14,067)
Proceeds on sale of financial assets			
Liquid mutual fund units		1,32,422	1,17,741
Interest and dividend received on investments		93	429
Net cash (used in) / from investing activities		(1,570)	2,682
Cash flow from financing activities:			
Payment of lease liability		(666)	–
Debentures repaid to holding company		(28,600)	(33,500)
Payment of interest on debentures		(10,730)	(14,108)
Net cash used in financing activities		(39,996)	(47,608)
Effect of exchange differences on translation of foreign currency cash and cash equivalents		(123)	25
Net increase / (decrease) in cash and cash equivalents		(5,998)	4,260
Cash and cash equivalents at the beginning of the year		8,070	3,810
Cash and cash equivalents at the end of the year		2,072	8,070
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 No : 117366W/ W-100018	for and on behalf of the Board of Directors of EdgeVerve Systems Limited		
Gurvinder Singh *Partner* Membership number : 110128	Mohit Joshi *Chairman*	Sanat Rao *Whole-time Director*	Atul Soneja *Whole-time Director*
Bengaluru April 16, 2020	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 01, 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 16, 2020.

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 no. 1.4. Accounting estimates could change from period to period. Actual results could differ from those 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.

Estimation uncertainty relating to COVID-19

The Company has assessed the recoverability of receivables and unbilled revenue based on internal and external information up to the date of approval of these financial statements. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global pandemic may be different from that estimated as at the date of approval of these financial statements. The Company will continue to closely monitor any material changes to future economic conditions.

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 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. (Refer to note 2.1)

c. Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

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 capitalized include the cost of materials, direct labor, 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.

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[(1)]	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 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.

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2020:

in ₹ lakh

Particulars	Leasehold Improvements	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of April 1, 2019	26	18	182	11,075	159	11,460
Additions	–	2	13	1,768	33	1,816
Deletions	–	–	–	(47)	–	(47)
Gross carrying value as of March 31, 2020	26	20	195	12,796	192	13,229
Accumulated depreciation as of April 1, 2019	(3)	(8)	(112)	(6,655)	(83)	(6,861)
Depreciation	(5)	(4)	(35)	(1,973)	(40)	(2,057)
Accumulated depreciation on deletions	–	–	–	46	–	46
Accumulated depreciation as of March 31, 2020	(8)	(12)	(147)	(8,582)	(123)	(8,872)
Carrying value as of March 31, 2020	18	8	48	4,214	69	4,357

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

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

2.2 Investments

in ₹ lakh

Particulars	As at March 31, 2020	2019
Unquoted current investments		
Investments carried at fair value through profit or loss		
Liquid mutual fund units	1,101	1,001
Total investments	1,101	1,001
Aggregate and market value of unquoted investments	1,101	1,001

The fair value of liquid mutual fund units as on March 31, 2020 and March 31, 2019 is ₹ 1,101 lakh and ₹ 1,001 lakh respectively.

Method of fair valuation:

in ₹ lakh

Class of investment	Method	As at March 31, 2020	2019
Mutual fund-Liquid mutual fund units	Quoted price	1,101	1,001

Details of investments in liquid mutual fund units:

The balances held in liquid mutual fund units as at March 31, 2020 and March 31, 2019 are as follows:

in ₹ lakh

Particulars	As at March 31,			
	2020		2019	
	Units	Amount	Units	Amount
Aditya Birla Sun Life Liquid Fund-Growth- Direct Plan	1,56,530	500	–	–
ICICI Prudential Liquid– Growth– Direct plan	2,04,349	601	–	
HDFC Liquid Fund - Direct - Growth	–	–	27,214	1,001
Total investments in liquid mutual fund units	3,60,879	1,101	27,214	1,001

2.3 Loans

in ₹ lakh

Particulars	As at March 31, 2020	2019
Non-current		
Other loans		
Loans to employees	6	8
Total non-current loans	6	8
Current		
Unsecured, considered doubtful		
Loans to employees	9	7
Less: Allowances for doubtful loans to employees	9	7
	–	–
Other Loans		
Loans to employees	356	443
Total current loans	356	443
Total Loans	362	451

2.4 Other financial assets

in ₹ lakh

Particulars	As at March 31, 2020	2019
Non- current		
Other customer receivables	2,589	3,799
Security deposits	1	1
Total non-current other financial assets	2,590	3,800
Current		
Restricted deposits(3)	4,436	4,212
Unbilled revenues (1)(4)	21,395	21,578
Interest accrued but not due	337	10
Others (2)	289	–
Total current other financial assets	26,457	25,800
Total other financial assets	29,047	29,600
Financial assets carried at amortized cost	29,047	29,600
(1) Includes dues from fellow subsidiaries (Refer to Note 2.21)	1,668	–
(2) Includes dues from fellow subsidiaries (Refer to Note 2.21)	2	32

* 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.

(1) 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,	
	2020	2019
Unsecured		
Considered good[(1)]	14,624	13,186
Considered doubtful	597	224
	15,221	13,410
Less: Allowances for credit losses	597	224
Total trade receivables	14,624	13,186
[(1)] Includes dues from fellow subsidiaries (Refer to Note 2.21)	285	416

2.6 Cash and cash equivalents

in ₹ lakh

Particulars	As at March 31,	
	2020	2019
Balances with banks		
In current and deposit accounts	2,072	8,070
Total cash and cash equivalents	2,072	8,070
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, 2020 and March 31, 2019 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 time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

2.7 Other assets

in ₹ lakh

Particulars	As at March 31,	
	2020	1, 2019
Non-current		
Prepaid expenses	54	25
	54	25
Advance other than capital advances		
Prepaid gratuity (Refer to Note 2.19)	927	1,326
Total non-current other assets	981	1,351
Current		
Advance other than capital advances		
Payment to vendors for supply of goods / services	249	201
Balance with government authorities	5	130
Others		
Unbilled revenues[(1)]	5,901	7,404
Prepaid expenses	2,712	4,016
Withholding taxes and others*	4,232	2,942
Total current other assets	13,099	14,693
Total other assets	14,080	16,044

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

* 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.

c. 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 net profit in the consolidated Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

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, 2020 are as follows:

in ₹ lakh

Particulars	Note	Amortized cost	Financial assets / liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
			Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:								
Cash and cash equivalents	2.6	2,072	–	–	–	–	2,072	2,072
Investments- Liquid mutual funds units	2.2	–	–	1,101	–	–	1,101	1,101
Trade receivables	2.5	14,624	–	–	–	–	14,624	14,624
Loans	2.3	362	–	–	–	–	362	362
Other financial assets	2.4	29,047	–	–	–	–	29,047	29,047
Total		46,105	–	1,101	–	–	47,206	47,206
Liabilities:								
Trade payables	2.11	3,627	–	–	–	–	3,627	3,627
Non-convertible debentures [(1)]	2.10	1,15,900	–	–	–	–	1,15,900	1,15,900
Other financial liabilities	2.10	25,629	–	–	–	–	25,629	25,629
Total		1,45,156	–	–	–	–	1,45,156	1,45,156

[(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, 2019 are as follows:

(in ₹ lakh)

Particulars	Note	Amortized cost	Financial assets / liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
			Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets								
Cash and cash equivalents	2.6	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

Fair value hierarchy

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

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

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

The following table presents fair value hierarchy of financial assets and financial liabilities as at March 31, 2020.

in ₹ lakh

Particulars	As on March 31, 2020	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)	1,101	1,101	–	–
Liabilities				
Derivative financial instruments - loss on outstanding foreign currency forward contracts (Refer to Note no. 2.10)	510	–	510	–

The following table presents fair value hierarchy of financial assets as at March 31, 2019.

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 following table analyzes foreign currency risk from financial instruments as of March 31, 2020:

in ₹ lakh

Particulars	US dollar	Euro	United Kingdom Pound Sterling	Australian dollar	Other currencies	Total
Cash and cash equivalents	813	–	–	–	–	813
Trade receivables	10,031	65	32	–	282	10,410
Other financials assets (including loans)	10,151	531	470	(480)	3,943	14,615
Trade payables	(192)	(146)	(10)	–	(39)	(387)
Other financial liabilities	(5,559)	(22)	(10)	(10)	(283)	(5,884)
Net assets / (liabilities)	15,244	428	482	(490)	3,903	19,567

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

in ₹ lakh

Particulars	US dollar	Euro	United Kingdom Pound Sterling	Australian dollar	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

Derivative financial instruments

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	in million	in ₹ lakh	in million	in ₹ lakh
Forward Contracts				
In US dollar	13	9,837	–	–

The foreign exchange forward and options contracts mature within 12 months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as at the Balance Sheet date:

(in ₹ lakh)

Particulars	As at March 31,	
	2020	2019
Not later than one month	6,053	–
Later than one month and not later than three months	3,784	–
Total	9,837	–

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 ₹ 14,624 lakh and ₹ 13,186 lakh as of March 31, 2020 and March 31, 2019 respectively and unbilled revenue amounting to ₹ 27,296 lakh and ₹ 28,982 lakh as of March 31, 2020 and March 31, 2019, 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 years ended March 31, 2020 and March 31, 2019 was ₹ 357 lakh and ₹ 162 lakh respectively.

Movement in credit loss allowance:(in ₹ lakh)

Particulars	As at March 31,	
	2020	2019
Balance at the beginning	319	154
Provisions recognized	357	162
Write-offs	(34)	–
Translation differences	55	3
Balance at the end	697	319

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, 2020, the Company had a working capital of ₹ 16,412 lakh including cash and cash equivalents of ₹ 2,072 lakh and current investments of ₹ 1,101 lakh. As of March 31, 2019, the Company had a working capital of ₹ 16,164 lakh including liquid assets such as cash and cash equivalents of ₹ 8,070 lakh and current investments of ₹ 1,001 lakh.

As of March 31, 2020 and March 31, 2019, the outstanding compensated absences were ₹ 3,027 lakh and ₹ 2,794 lakh, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2020:

(in ₹ lakh)

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	3,627	–	–	–	3,627
Other liabilities excluding non- convertible debentures	20,033	1,876	693	–	22,602
	23,660	1,876	693	–	26,229

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2019:

(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

(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,	
	2020	2019
Authorized		
Equity shares, ₹10 par value	4,10,000	4,10,000
4,10,00,00,000 (4,10,00,00,000) equity shares		
Issued, subscribed and paid-up		
Equity shares, ₹10 par value	1,31,184	1,31,184
1,31,18,40,000 (1,31,18,40,000) equity shares		
	1,31,184	1,31,184

The Company has only one class of shares referred to as equity shares having a par value of ₹10. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company in proportion to the number of equity shares held by the shareholders, after distribution of all preferential amounts.

The details of shareholder holding more than 5% shares as at March 31, 2020 and March 31, 2019 are set out below:

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares	% held	Number of shares	% held
Infosys Limited, holding company	1,31,18,40,000	100%	1,31,18,40,000	100%

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2020 and March 31, 2019 is set out below:

Particulars	As at March 31, 2020		As at March 31, 2019	
	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,	
	2020	2019
Non-current		
Non-convertible debentures *(1)	1,15,900	1,44,500
Other payables	2,569	3,773
Total non-current other financial liabilities	1,18,469	1,48,273
Current		
Accrued compensation to employees	3,617	4,413
Capital creditors	764	875
Foreign currency forward contracts	510	–
Compensated absences	3,027	2,794
Accrued expenses (2)	14,420	15,786
Other payables (3)	722	4,628
Total current other financial liabilities	23,060	28,496
Total other financial liabilities	1,41,529	1,76,769
Financial liability carried at amortized cost	1,41,529	1,76,769

*The interest rate for the debentures as of March 31, 2020 is 10 years Government Bond rate plus 1% premium to be reset annually. Currently the interest rate is 8.349%. 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)	1,15,900	1,44,500
(2) Includes dues to holding company (Refer to Note 2.21)	4,450	4,048
(3) Includes dues to fellow subsidiaries (Refer to Note 2.21)	6	51

2.11 Trade payables

in ₹ lakh

Particulars	As at March 31,	
	2020	2019
Trade payables (1)	3,627	2,324
Total trade payables	3,627	2,324
(1) Includes dues to holding company / fellow subsidiaries (Refer to Note 2.21)	1,805	440

As at March 31, 2020 and March 31, 2019, 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, 2020, an amount of ₹ 130 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, 2020.

2.12 Other liabilities

in ₹ lakh

Particulars	As at March 31,	
	2020	2019
Non-current		
Deferred rent	–	396
Total non-current other liabilities	–	396
Current		
Unearned revenue	8,815	9,920
Withholding taxes and other taxes	4,528	5,938
Total current other liabilities	13,343	15,858
Total other liabilities	13,343	16,254

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,	
	2020	2019
Current		
Others		
Post-sales client support and others	239	351
Total provisions	239	351

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

in ₹ lakh

Particulars	As at March 31,	
	2020	,2019
Balance at the beginning	351	936
Provisions recognized / (reversal)	(112)	(684)
Provision utilized	–	98
Translation differences	–	1
Balance at the end	239	351

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,	
	2020	2019
Current taxes	14,725	19,398
Deferred taxes	111	441
Income tax expense	14,836	19,839

Entire deferred income tax for the year ended March 31, 2020 and March 31, 2019, relates to origination and reversal of temporary differences.

During the year ended March 31, 2020 the Company has opted for new lower tax regime of 22% Corporate Tax (plus applicable surcharge and cess) as per the Taxation Laws (Amendment) Act, 2019.

Income tax expense for the years ended March 31, 2020 and March 31, 2019 includes Provision / (reversal) (Net of provisions) amounting to ₹ 463 lakh and ₹ (217) lakh respectively pertaining to prior periods.

These net of provisions majorly pertain to prior periods on account of earlier years overseas tax cost net of tax relief claimed in India.

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 ₹ lakh)

Particulars	As at March 31,	
	2020	2019
Profit before income taxes	52,755	60,385
Enacted tax rates in India	25.17%	34.94%
Computed expected tax expense	13,277	21,101
Overseas taxes, net of foreign tax credit	638	733
Prior year taxes	463	(217)
Effect of non-deductible expenses	134	55
Additional deduction on research and development expense	–	(2,090)
Others*	324	257
Income tax expense	14,836	19,839

* Includes deferred tax impact of ₹ 321 lakh due to adoption of new lower tax rate regime.

The applicable Indian statutory tax rates for fiscal year 2020 is 25.168% and fiscal year 2019 is 34.944%

The following table provides the details of income tax assets and income tax liabilities as of March 31, 2020 and March 31, 2019

in ₹ lakh

Particulars	As at March 31,	
	2020	2019
Income tax assets	91,619	69,829
Current income tax liabilities	59,983	47,133
Net current income tax assets at the end	31,636	22,696

The gross movement in the current income tax asset for the years ended March 31, 2020 and March 31, 2019 are as follows:

in ₹ lakh

Particulars	As at March 31,	
	2020	2019
Net current income tax assets at the beginning	22,696	19,120
Income tax paid	23,707	23,228
Tax on other comprehensive income	(42)	(254)
Current income tax expense (Refer to Note 2.14)	(14,725)	(19,398)
Net current income tax assets at the end	31,636	22,696

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,	
	2020	2019
Deferred income tax assets		
Trade receivables	179	115
Compensated absences	763	977
Others	184	246
Total deferred income tax assets	1,126	1,338
Deferred income tax liabilities		
Property, plant and equipment	91	147
Total deferred income tax liabilities	91	147
Deferred income tax assets after set off	1,035	1,191
Deferred income tax liabilities after set off	–	–

The gross movement in the deferred income tax account for the years ended March 31, 2020 and March 31, 2019 is as follows:

in ₹ lakh

Particulars	As at March 31,	
	2020	2019
Net deferred income tax asset at the beginning	1,191	1,631
Credits relating to temporary differences (Refer to Note 2.14)	(156)	(441)
Temporary differences on other comprehensive income	–	1
Net deferred income tax asset at the end	1,035	1,191

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 Leases

Accounting policy

The Company as a lessee

The Company's lease asset classes consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contact involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU assets") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost using the effective interest rate method at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, incremental borrowing rates in the countries of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of ROU asset of ₹ 867 lakh and a lease liability of ₹ 1,141 lakh. The cumulative effect of applying the standard of ₹ 76 lakh was adjusted in retained earnings, net of taxes. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognize ROU assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the ROU asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

Following are the changes in the carrying value of ROU assets for the year ended March 31, 2020:

in ₹ lakh

Particulars	Year ended March 31, 2020
Balance at the beginning	867
Additions	1,756
Deletions	–
Depreciation	(587)
Translation difference	–
Balance as of March 31, 2020	2,036

The following is the break-up of current and non-current lease liability as of March 31, 2020:

in ₹ lakh

Particulars	Year ended March 31, 2020
Non-current lease liability	1,328
Current lease liability	1,028
Total	2,356

The following is the movement in lease liability during the year ended March 31, 2020:

in ₹ lakh

Particulars	Year ended March 31, 2020
Balance at the beginning	1,141
Additions	1,756
Deletions	–
Interest accrued during the period	125
Lease payments	(666)
Translation difference	–
Balance as of March 31, 2020	2,356

Rental expense recorded for short-term leases was ₹ 3,474 lakh for the year ended March 31, 2020.

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

in ₹ lakh

Particulars	Year ended March 31, 2020
Not later than 1 year	1,160
Later than 1 year and not later than 5 years	1,498
Later than 5 years	–
Balance as of March 31, 2020	2,658

2.16 Revenue from operations

Accounting policy

The Company derives revenues primarily from business IT services comprising 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 to 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.

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"). 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-timeframe revenue is recognized ratably over the term of the underlying timeframe 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 catchup 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 years ended March 31, 2020 and March 31, 2019 are as follows :

in ₹ lakh

Particulars	Year ended March 31,	
	2020	2019
Revenue from operations	2,49,683	2,53,831
Total revenue from operations	2,49,683	2,53,831

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.

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Invoicing in excess of earnings are classified as unearned revenue.

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

During the years ended March 31, 2020 and March 31, 2019, the Company recognized revenue of ₹ 9,407 lakh and ₹ 7,774 lakh arising from opening unearned revenue as of April 1, 2019 and April 1, 2018, respectively.

During the years ended March 31, 2020 and March 31, 2019, the Company recognized revenue of ₹ 6,395 lakh and ₹ 11,690 lakh of unbilled revenue pertaining to fixed price development contracts as of April 1, 2019 and April 1, 2018, respectively has been classified to trade receivable upon billing to customers on completion of milestones.

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, 2020, other than those meeting the exclusion criteria mentioned above, is ₹ 21,845 lakh. Out of this, the Company expects to recognize revenue of around 92.2% 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 ₹ 5,901 lakh as at March 31, 2020 has been considered as a non-financial asset.

2.17 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 for the years ended March 31, 2020 and March 31, 2019 are as follows:

in ₹ lakh

Particulars	Year ended March 31,	
	2020	2019
Interest received on financial assets- carried at amortized cost		
Deposits with banks and others	420	434
Profit on sale of fixed assets	1	–
Exchange gain / (loss) on translation of assets and liabilities	858	(473)
Gain / (loss) on investment carried at fair value through profit or loss	277	413
Exchange gains / (losses) on foreign currency forward and options contracts	(503)	–
Miscellaneous income	60	6
Total other income	1,113	380

2.18 Expenses

in ₹ lakh

Particulars	Year ended March 31,	
	2020	2019
Employee benefit expenses		
Salaries including bonus	67,688	70,790
Contribution to provident and other funds	3,133	3,107
Staff welfare	783	1,315
	71,604	75,212
Travel expenses		
Overseas travel expenses	9,697	11,813
Travelling and conveyance	1,095	887
	10,792	12,700
Cost of software packages and others		
For own use	4,506	4,016
Third-party items bought for service delivery to clients	11,876	15,184
	16,382	19,200
Other expenses		
Repairs and maintenance	2,217	2,314
Brand and marketing	4,292	3,307
Communication expenses	685	860
Operating lease payments	3,474	4,506
Rates and taxes	88	84
Commission charge	2,808	2,521
Fuel and power	642	681
Consumables	208	125
Provision / (Reversal) for post-sales client support and others	(54)	(684)
Commission to non-whole time directors	1	40
Impairment loss recognized on financial assets	362	162
Contributions towards corporate social responsibility	960	520
Auditor's remuneration		
Statutory audit fees	30	31
Others	512	393
	16,225	14,860

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 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 re-measurements of the net defined benefit liability / (asset) are recognized in other comprehensive income, net of taxes. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in Other Comprehensive Income. The effect of any plan amendments are recognized in net profits in the Statement of Profit and Loss.

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 following tables set out the funded status of the gratuity plans and the amounts recognized in the Company's financial statements as of March 31, 2020 and March 31, 2019:

in ₹ lakh

Particulars	As at March 31,	
	2020	2019
Change in benefit obligations		
Benefit obligations at the beginning	6,744	6,720
Service cost	608	738
Interest expense	461	481
Transfer of obligation	53	(63)
Remeasurements - Actuarial (gains) / losses	(111)	(554)
Benefits paid	(547)	(578)
Benefit obligations at the end	7,209	6,744
Change in plan assets		
Fair value of plan assets at the beginning	8,070	8,148
Interest income	554	587
Transfer of assets	4	(113)
Remeasurements- Return on plan assets excluding amounts included in interest income	55	26
Contributions	–	–
Benefits paid	(547)	(578)
Fair value of plan assets at the end	8,136	8,070
Funded status	927	1,326
Prepaid gratuity benefit	927	1,326

Amount for the years ended March 31, 2020 and March 31, 2019 recognized in the Statement of Profit and Loss under employee benefit expenses:

in ₹ lakh

Particulars	Year ended March 31,	
	2020	2019
Service cost	608	738
Net interest on the net defined benefit liability / asset	(93)	(106)
Net gratuity cost	516	632

Amount for the years ended March 31, 2020 and March 31, 2019 recognized in statement of other comprehensive income:

(in ₹ lakh)

Particulars	Year ended March 31,	
	2020	2019
Remeasurements of the net defined benefit liability / (asset)		
Actuarial (gains) / losses	(111)	(554)
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability / (asset)	(55)	(26)
	(165)	(580)

in ₹ lakh

Particulars	Year ended March 31,	
	2020	2019
(Gain) / loss from change in financial assumptions	389	160
(Gain) / loss from change in experience	(500)	(313)
(Gain) / loss from change in demographic assumptions	–	(402)
	(111)	(555)

The weighted-average assumptions used to determine benefit obligations as at March 31, 2020 and March 31, 2019 are set out below:

Particulars	As at March 31,	
	2020	2019
Discount rate	6.2%	7.1%
Weighted average rate of increase in compensation levels	10.0%	10.0%

The weighted-average assumptions used to determine net periodic benefit cost for the years ended March 31, 2020 and March 31, 2019 are set out below:

Particulars	As at March 31,	
	2020	2019
Discount rate	7.1%	7.1%
Weighted average rate of increase in compensation levels	10.0%	10.0%
Weighted average duration of defined benefit obligation	5.9 years	5.9 years

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

in ₹ lakh

Impact from percentage point increase / decrease in	As at March 31, 2020
Discount rate	458
Weighted average rate of increase in compensation level	398

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, 2020 and March 31, 2019, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the years ended March 31, 2020 and March 31, 2019 were ₹ 608 lakh and ₹ 624 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	907
1-2 year	976
2-3 year	949
3-4 year	972
4-5 year	1,072
5-10 years	5,315

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 ₹ 1,846 lakh during the year ended March 31, 2020 (₹ 1,823 lakh for the year ended March 31, 2019).

c.Superannuation

The Company contributed ₹ 662 lakh during the year ended March 31, 2020 (₹ 628 lakh for the year ended March 31, 2019).

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

in ₹ lakh

Particulars	As at March 31,	
	2020	2019
Contingent liabilities		
Claims against the Company, not acknowledged as debts [1]	4,653	8
Commitments		
Estimated amount of unexecuted capital contracts	626	321
(Net of advances and deposits)		

[1] As at March 31, 2020, claims against the Company not acknowledged as debts in respect of income tax matters amounted to ₹ 4,653 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 ₹ 7,462 lakh.

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,	
		2020	2019
Infosys Limited	India	100%	100%

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)[25]	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	US
Infosys Austria GmbH (formerly Lodestone Management Consultants GmbH) [1]	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	US
Infosys Chile SpA	Chile
Infosys Arabia Limited[2]	Saudi Arabia
Infosys Consulting Ltda.[1]	Brazil
Infosys CIS LLC[1] [18] [26]	Russia
Infosys Luxembourg S.a.r.l [1] [13]	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)[3]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc[19]	Canada
Infosys BPM Limited	India
Infosys (Czech Republic) Limited s.r.o.[4]	Czech Republic
Infosys Poland Sp z.o.o[4]	Poland
Infosys McCamish Systems LLC [4]	US
Portland Group Pty Ltd[4]	Australia
Infosys BPO Americas LLC.[4]	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc.[5] [11]	US
Infosys Management Consulting Pty Limited[5]	Australia
Infosys Consulting AG[5]	Switzerland
Infosys Consulting GmbH[5]	Germany
Infosys Consulting S.R.L.[1]	Romania
Infosys Consulting SAS[5]	France
Infosys Consulting s.r.o.[5]	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd. (formerly Lodestone Management Consultants Co., Ltd)[5]	China
Infy Consulting Company Ltd[5]	UK
Infy Consulting B.V.[5]	The Netherlands
Infosys Consulting Sp. z.o.o[32]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda.[5]	Portugal
Infosys Consulting S.R.L.[5]	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)[6]	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd.[7]	Israel
Panaya GmbH[7]	Germany
Panaya Japan Co. Ltd[7][31]	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited[8]	UK
Brilliant Basics (MENA) DMCC[8] [26]	UAE
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[9]	UAE
Fluido Oy[9] [14]	Finland
Fluido Sweden AB (Extero)[15]	Sweden
Fluido Norway A/S[15]	Norway
Fluido Denmark A/S[15]	Denmark

Name of fellow subsidiaries	Country
Fluido Slovakia s.r.o[15]	Slovakia
Fluido Newco AB[15]	Sweden
Infosys Compaz Pte. Ltd (formerly Trusted Source Pte. Ltd)[16]	Singapore
Infosys South Africa (Pty) Ltd[9] [17]	South Africa
WongDoody Holding Company Inc. (WongDoody)[10]	US
WDW Communications, Inc[12]	US
WongDoody, Inc[12]	US
HIPUS Co., Ltd (formerly Hitachi Procurement Service Co. Ltd.)[20]	Japan
Stater N.V.[21]	The Netherlands
Stater Nederland B.V.[22]	The Netherlands
Stater Duitsland B.V.[22]	The Netherlands
Stater XXL B.V.[22]	The Netherlands
HypoCasso B.V.[22]	The Netherlands
Stater Participations B.V.[22]	The Netherlands
Stater Deutschland Verwaltungs-GmbH[23]	Germany
Stater Deutschland GmbH & Co. KG[23]	Germany
Stater Belgium N.V./S.A.[24]	Belgium
Outbox systems Inc. dba Simplus (US)[27]	US
Simplus North America Inc.[28]	Canada
Simplus ANZ Pty Ltd.[28]	Australia
Simplus Australia Pty Ltd[30]	Australia
Sqware Peg Digital Pty Ltd[30]	Australia
Simplus Philippines, Inc.[28]	Philippines
Simplus Europe, Ltd.[28]	UK
Simplus UK, Ltd.[29]	UK
Simplus Ireland, Ltd.[29]	Ireland

(1) Wholly-owned subsidiary of Infosys Limited
(2) Majority-owned and controlled subsidiary of Infosys Limited
(3) Liquidated effective November 17, 2019
(4) Wholly-owned subsidiary of Infosys BPM Limited
(5) Wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Wholly-owned subsidiary of Panaya Inc
(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(9) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(10) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
(11) Liquidated effective May 4, 2018
(12) Wholly-owned subsidiary of WongDoody
(13) Incorporated effective August 6, 2018
(14) On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
(15) Wholly-owned subsidiary of Fluido Oy
(16) On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
(17) Incorporated effective December 19, 2018
(18) Incorporated effective November 29, 2018
(19) Incorporated effective November 27, 2018, wholly owned subsidiary of Infosys Public Services Inc
(20) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd, Japan
(21) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V.
(22) Majority-owned and controlled subsidiary of Stater N.V.
(23) Majority-owned and controlled subsidiary of Stater Duitsland B.V.
(24) Majority-owned and controlled subsidiary of Stater Participations B.V.
(25) Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly-owned subsidiary of Infosys Limited
(26) Under Liquidation
(27) On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.
(28) Wholly-owned subsidiary of Outbox Systems Inc.
(29) Wholly-owned subsidiary of Simplus Europe, Ltd.
(30) Wholly-owned subsidiary of Simplus ANZ Pty Ltd.
(31) Liquidated effective October 31, 2019
(32) On February 20, 2020, Infosys Poland Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG (formerly Lodestone Holding AG).

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 (resigned on July 7, 2019)
- D.N. Prahlad (resigned on April 15, 2019)
- Deepak Raghunath Padaki
- Inderpreet Sawhney
- Sanat Rao (appointed as whole-time director from April 11, 2018)
- Nitesh Banga (resigned on June 4, 2018)
- Mohit Joshi (appointed as director from January 22, 2019)
- Atul Soneja (appointed as whole-time director from July 20, 2018)

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 as at March 31, 2020 and March 31, 2019 are as follows:

in ₹ lakh

Particulars	As at March 31,	
	2020	2019
Trade receivables		
Infosys Public Services	–	43
Infosys BPM Limited	3	11
Infosys China	282	362
	285	416
Other financial assets		
Infosys BPM Limited	2	10
Infosys Poland	–	22
	2	32
Non-convertible debentures		
Infosys Limited	1,15,900	1,44,500
	1,15,900	1,44,500
Trade payables		
Infosys Limited	1,605	319
Infosys Consulting	98	86
Infosys Mexico	34	–
Infosys BPM Limited	68	35
	1,805	440
Other current financial liabilities		
Infosys China	–	9
Infosys Public Services	–	9
Infosys Mexico	–	33
Brilliant Basics Limited	4	–
Infosys BPM Limited	2	–
	6	51
Unbilled revenue		
Infosys Public Services	7	–
Infosys Mexico	1,562	–
Infosys BPM Limited	99	–
	1,668	–
Accrued expenses		
Infosys Public Services	–	27
Infosys BPM Limited	–	63
Infosys Limited	4,450	3,958
	4,450	4,048

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	Year ended March 31,	
	2020	2019
Capital transactions:		
Financing transactions		
Debentures		
Infosys Limited	(28,600)	(33,500)
Revenue transactions:		
Sale of services		
Infosys Public Services	213	131
Infosys China	1	39
Infosys Mexico	1,562	–
Infosys BPM Limited	320	426
	2,096	596
Purchase of shared services including facilities and personnel		
Infosys Limited	62,979	50,469
Infosys Mexico	173	159
Brilliant Basics	15	122
Infosys Consulting (Singapore)	–	5
Infosys Poland	–	3
Infosys Consulting	308	312
Infosys BPM Limited	488	369
Panaya Ltd.	33	56
	63,996	51,495
Finance cost		
Infosys Limited	10,730	14,108

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

in ₹ lakh

Particulars	Year ended March 31,	
	2020	2019
Salaries and other employee benefits to whole-time directors and executive officers	862	765
Commission and other benefits to non-executive / independent directors	1	40
Total	863	805

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 ₹ 945 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	960	–	960

2.23 Research and development expenditure

in ₹ lakh

Particulars	Year ended March 31,	
	2020	2019
Expenditure at Department of Scientific and Industrial Research (DSIR) approved R&D centers (eligible for weighted deduction) [(1)]		
Capital expenditure	–	–
Revenue expenditure	12,048	11,960
Other R&D expenditure		
Capital expenditure	–	–
Revenue expenditure	19,362	16,994
Total R&D expenditure		
Capital expenditure	–	–
Revenue expenditure	31,410	28,953

[(1)] During the fiscal year ended on March 31, 2020 the Company has opted for new lower tax regime of 22% corporate tax (plus applicable surcharge and cess) as per the taxation laws(Amendment) Act, 2019. Thus, weighted deduction on eligible research and development expenditure are not claimed during the fiscal year 2019-20.

Earlier during the fiscal year 2018-19, the Company had 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 up to 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	Year ended March 31,	
	2020	2019
Revenue from operations	2,49,683	2,53,831
Cost of sales	1,47,341	1,40,233
Gross profit	1,02,342	1,13,598
Operating expenses		
Selling and marketing expenses	19,609	19,055
General and administration expenses	20,236	20,430
Total operating expenses	39,845	39,485

Particulars	Year ended March 31,	
	2020	2019
Operating profit	62,497	74,113
Other income, net	1,113	380
Profit before interest and tax	63,610	74,493
Finance cost	10,855	14,108
Profit before tax	52,755	60,385
Tax expense		
Current tax	14,725	19,398
Deferred tax	111	441
Profit for the year	37,919	40,546
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of the net defined benefit liability / asset	124	327
Items that will be reclassified subsequently to profit or loss	–	–
Total other comprehensive income, net of tax	124	327
Total comprehensive income for the year	38,043	40,873

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

Mohit Joshi
Chairman

Sanat Rao
Whole-time Director

Atul Soneja
Whole-time Director

Rajesh Kini
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Bengaluru
April 16, 2020

Infosys McCamish Systems, LLC

Independent Auditor's Report

To the Board of Directors of Infosys McCamish Systems, LLC.

Report on the Special Purpose Financial Statements

Opinion

We have audited the accompanying special purpose financial statements of INFOSYS MCCAMISH SYSTEMS LLC ("the Company"), which comprise the Balance Sheet as at December 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 significant accounting policies and other explanatory information (hereinafter referred to as "the special purpose financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose financial statements gives a true and fair view in conformity with the basis of preparation referred to in Note 1.2 of the special purpose financial statements, of the state of affairs of the Company as at December 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 special purpose financial statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special purpose Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the special purpose financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the special purpose financial statements.

Management's Responsibilities for the Special Purpose Financial Statements

The Company's Board of Directors are responsible for the preparation of these special purpose financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the basis described in Note 1.2 of the special purpose financial statement.

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

In preparing the special purpose financial statements, the Company's Board of 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 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 Special Purpose Financial Statements

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

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

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

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of 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 management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.

Basis of Accounting

We draw attention to Note 1.2 to the special purpose financial statements, which describes the basis of accounting. As a result, the special purpose financial statements may not be suitable for another purpose.

Restriction on Use and distribution

Our report is intended solely for the use of Company's management for the above purpose and should not be distributed to or used by any other parties.

For Deloitte Haskins and Sells LLP
Chartered Accountants
(Firm Registration number. No. 117366W/W-100018)

Gurvinder Singh
Partner
Membership Number: 110128

UDIN : 20110128AAAABB9687

Bengaluru, May 13, 2020

Balance Sheet

in US $

Particulars	Note no.	As at December 31, 2019	2018
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	5,696,605	1,295,055
Capital work-in-progress		–	38,254
Goodwill		696,400	696,400
Other intangible assets	2.3	185,133	927,700
Financial assets			
Loans	2.4	–	–
Other financial assets	2.5	22,738,717	11,927,923
Deferred tax assets (net)	2.15	1,716,045	1,007,054
Other non-current assets	2.8	11,971,125	11,440,112
Total non-current assets		43,004,025	27,332,498
Current assets			
Financial assets			
Trade receivables	2.6	40,706,238	25,702,958
Cash and cash equivalents	2.7	44,019,452	23,518,789
Loans	2.4	9,509	7,902
Other financial assets	2.5	30,904,694	25,387,953
Other current assets	2.8	21,841,938	24,667,964
Total current assets		137,481,831	99,285,566
Total assets		180,485,856	126,618,064
EQUITY AND LIABILITIES			
EQUITY			
Equity capital	2.10	36,070,038	36,070,038
Other equity		16,574,652	(3,017,176)
Total equity		52,644,690	33,052,862
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	2.11	26,562,969	12,194,146
Other non-current liabilities	2.13	2,089,830	42,581
Total non-current Liabilities		28,652,799	12,236,727
Current liabilities			
Financial liabilities			
Borrowings	2.20	–	5,716,233
Trade payables	2.12	22,251,795	18,088,097
Other financial liabilities	2.11	43,072,901	28,558,192
Other current liabilities	2.13	30,453,695	27,357,245
Provisions	2.14	705,620	941,614
Income tax liabilities (net)	2.15	2,704,356	667,094
Total current liabilities		99,188,367	81,328,475
Total equity and liabilities		180,485,856	126,618,064

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 Infosys McCamish Systems, LLC

Gurvinder Singh
Partner
Membership number: 110128

Rich Magner
Chief Executive Officer

Kapil Jain
Director

Bengaluru
May 13, 2020

Thothathri V
Director

Statement of Profit and Loss

in US $

Particulars	Note no.	Year ended December 31,	
		2019	2018
Revenue from operations	2.16	223,943,567	158,626,992
Other income, net	2.17	395,735	9,179
Total Income		224,339,302	158,636,171
Expenses			
Employee benefit expenses	2.18	37,266,146	31,480,400
Cost of technical sub-contractors and professional charges	2.18	54,353,610	39,908,665
Travel expenses		539,678	528,587
Cost of software packages		97,035,777	60,818,930
Rent	2.2	1,259,864	1,225,796
Depreciation and amortization expense	2.1 & 2.3	2,299,763	1,115,335
Finance cost		4,897	137,499
Other expenses	2.18	6,884,034	6,879,813
Total expenses		199,643,769	142,095,025
Profit before tax		24,695,533	16,541,146
Tax expense			
Current tax	2.15	5,812,696	2,181,285
Deferred tax	2.15	(708,991)	2,621,963
Profit for the year		19,591,828	11,737,898
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 for the year		19,591,828	11,737,898

The accompanying notes form an integral part of the financial statements

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Statement of Changes in Equity

in US $

Particulars	Equity share capital	Other equity		Total equity
		Retained earnings	Other comprehensive income	
Balance as at January 1, 2018	36,070,038	(14,755,074)	–	21,314,964
Changes in equity for the year ended December 31, 2018				–
Total comprehensive income for the year	–	11,737,898	–	11,737,898
Balance as at December 31, 2018	36,070,038	(3,017,176)	–	33,052,862
Balance as at January 1, 2019	36,070,038	(3,017,176)	–	33,052,862
Changes in equity for the year ended December 31, 2019				
Total comprehensive income for the year	–	19,591,828	–	19,591,828
Balance as at December 31, 2019	36,070,038	16,574,652	–	52,644,690

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

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May 13, 2020

Thothathri V
Director

Statement of Cash Flows

in US $

Particulars	Note no.	Year ended December 31, 2019	Year ended December 31, 2018
Cash flow from operating activities:			
Profit for the period		19,591,828	11,737,898
Adjustments to reconcile net profit to net cash provided by operating activities:			
Income tax expense	2.15	5,103,705	4,803,248
Depreciation and amortization	2.1 & 2.3	2,299,763	1,115,335
Exchange difference on translation of assets and liabilities	2.17	5,597	16,471
Allowance for credit losses, doubtful loans and advances		806,315	111,829
Provision for service level risk on revenue contracts		125,835	8,551
Interest expense	2.20	4,897	137,500
Changes in assets and liabilities			
Trade receivables and unbilled revenue		(31,742,813)	(3,205,549)
Loans and other financial assets and other assets		1,592,216	(24,375,669)
Trade payables		4,163,697	5,046,416
Other financial liabilities, other liabilities and provisions		33,592,543	18,261,308
Cash generated by operations		35,543,583	13,657,338
Income taxes paid		(3,775,433)	(1,493,581)
Net cash generated by operating activities		31,768,150	12,163,757
Cash flow from investing activities:			
Expenditure on property, plant and equipment including intangible assets net of sale proceeds, including changes in retention money and capital creditors		(5,546,357)	(2,096,059)
Net cash used in investing activities		(5,546,357)	(2,096,059)
Cash flow from financing activities:			
Loan repaid		(5,721,130)	–
Net cash used in financing activities		(5,721,130)	–
Net increase in cash and cash equivalents		20,500,663	10,067,698
Cash and cash equivalents at the beginning		23,518,789	13,451,091
Cash and cash equivalents at the end	2.7	44,019,452	23,518,789
Supplementary information:			
Restricted cash balance	2.7	5,000	5,000

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

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

for and on behalf of Infosys McCamish Systems, LLC

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Bengaluru
May 13, 2020

Thothathri V
Director

1. Overview

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 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 is also a software reseller for various industry specific clients.

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, on December 4, 2009.

The financial statements are approved by the Company's Board of Directors on May 13, 2020.

1.2 Basis of preparation of financial statements

These special purpose financial statements are prepared for inclusion in the annual report of the Holding Company Infosys BPM Limited and Ultimate Holding Company Infosys Limited under the requirements of section 129 (3) of the Companies Act 2013.

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.

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operate (i.e. the "functional currency"). The functional currency of the Company is United States Dollars and the financial statements are also presented in US Dollars. All amounts included in the financial statements are reported in US Dollars, unless otherwise stated.

Accounting policies have been applied consistently to all periods presented in these 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 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 period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in the 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 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

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved, in writing, by the parties to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligations to determine the deliverables and the ability of the customer to benefit independently from such deliverables, and allocation of transaction price to these distinct performance obligations involves significant judgment.

Fixed-price business process management services revenue is recognized ratably on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period. Revenue from fixed-price business process management services contract is recognized ratably using a percentage-of-completion method when the pattern of benefits from the services rendered to the customer and company's costs to fulfil the contract is not even through the period of the contract because the services are generally discrete in nature and not repetitive. The use of method to recognize the business process management revenues services requires judgment and is based on the promises in the contract and nature of the deliverables.

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 determine the actual efforts or costs expended to date as a proportion of the estimated total efforts or costs to be incurred. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. The estimation of total efforts or costs involves significant judgment and is assessed throughout the period of the contract to reflect any changes based on the latest available information.

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract. Also, refer to Note 2.16.

b. Income taxes

The Company's tax jurisdiction is the United States of America. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions. Also, refer to Note 2.15.

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. Also, refer to Note 2.1.

1.5 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:

A. Full retrospective: Retrospectively to each prior period presented applying Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

B. 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:

i. 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

ii. 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. 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 (January 1, 2020). Upon adoption of the new standard, the Company anticipates recording lease-related assets and liabilities of approximately US $ 10-12 million on its Balance Sheet.

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:

Computer equipment [1]	3-5 years
Furniture and fixtures [1]	5 years
Office equipment [1]	5 years
Leasehold improvements	Over the lease term or 5 years whichever is lower

[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 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.

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

in US $

Particulars	Leasehold improvement	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as at January 1, 2019	394,481	340,732	6,798,992	869,933	8,404,138
Additions	3,435,002	10,639	1,841,787	671,318	5,958,746
Deletions	–	–	(42,573)	–	(42,573)
Gross carrying value as at December 31, 2019	3,829,483	351,371	8,598,206	1,541,251	14,320,311
Accumulated depreciation as at January 1, 2019	193,634	217,436	5,888,341	809,672	7,109,083
Depreciation	515,157	43,656	890,733	107,650	1,557,196
Accumulated depreciation on deletions	–	–	(42,573)	–	(42,573)
Accumulated depreciation as at December 31, 2019	708,791	261,092	6,736,501	917,322	8,623,706
Carrying value as at December 31, 2019	3,120,692	90,279	1,861,705	623,929	5,696,605
Carrying value as at January 1, 2019	200,847	123,296	910,651	60,261	1,295,055

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

in US $

Particulars	Leasehold improvement	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as at January 1, 2018	394,481	330,907	7,037,929	860,602	8,623,919
Additions	–	9,825	437,396	9,331	456,552
Deletions	–	–	(676,333)	–	(676,333)
Gross carrying value as at December 31, 2018	394,481	340,732	6,798,992	869,933	8,404,138
Accumulated depreciation as at January 1, 2018	111,907	175,372	5,999,940	755,148	7,042,367
Depreciation	81,727	42,064	564,720	54,524	743,035
Accumulated depreciation on deletions	–	–	(676,319)	–	(676,319)
Accumulated depreciation as at December 31, 2018	193,634	217,436	5,888,341	809,672	7,109,083
Carrying value as at December 31, 2018	200,847	123,296	910,651	60,261	1,295,055
Carrying value as at January 1, 2018	282,574	155,535	1,037,989	105,454	1,581,552

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

2.2 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 under:

in US $

Particulars	Year ended December 31,	
	2019	2018
Lease rentals recognized during the period	1,259,864	1,225,796

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

in US $

Lease obligations payable	As at December 31, 2019
Not later than 1 year	1,587,217
Later than 1 year and not later than 5 years	5,829,436
Later than 5 years	2,356,757

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

2.3 Other intangible assets

Accounting policy

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.

Impairment

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

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

The changes in the carrying value of acquired intangible assets for the year ended December 31, 2019 are as follows:

in US $

Particulars	Software
Gross carrying value as of January 1, 2019	1,300,000
Additions during the year	–
Deletions during the year	–
Gross carrying value as of December 31, 2019	1,300,000
Accumulated amortization as of January 1, 2019	372,300
Amortization expense	742,567
Deletion during the year	–
Accumulated amortization as of December 31, 2019	1,114,867
Carrying value as of December 31, 2019	185,133
Carrying value as of January 1, 2019	927,700
Total estimated useful life (in years)	2

The changes in the carrying value of acquired intangible assets for the year ended December 31, 2018 were as follows:

in US $

Particulars	Software
Gross carrying value as of January 1, 2018	–
Additions during the year	1,300,000
Deletions during the year	–
Gross carrying value as of December 31, 2018	1,300,000
Accumulated amortization as of January 1, 2018	–
Amortization expense	372,300
Deletion during the year	–
Accumulated amortization as of December 31, 2018	372,300
Carrying value as of December 31, 2018	927,700
Carrying value as of January 1, 2018	–
Total estimated useful life (in years)	2

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

2.4 Loans

in US $

Particulars	As at December 31,	
	2019	2018
Non-current		
Unsecured, considered doubtful		
Loans to employees	18,075	12,166
Less: Allowance for doubtful loans to employees	(18,075)	(12,166)
Total non-current loans	–	–
Current		
Unsecured, considered good		
Loans to employees	9,509	7,902
Total current loans	9,509	7,902
Total loans	9,509	7,902

2.5 Other financial assets

in US $

Particulars	As at December 31,	
	2019	2018
Non-current		
Security deposits [1]	127,260	89,760
Unbilled revenues [1] *	22,611,457	11,838,163
Total non-current other financial assets	22,738,717	11,927,923
Current		
Security deposits [1]	–	37,500
Unbilled revenues [1] *	30,789,931	25,310,624
Others [1] [2]	114,763	39,829
Total current other financial assets	30,904,694	25,387,953
Total other financial assets	53,643,411	37,315,876

(1) Financial assets carried at amortized cost

(2) Includes dues from related parties (Refer to Note 2.20)

* Classified as financial asset as right to consideration is conditional upon passage of time.

2.6 Trade receivables

in US $

Particulars	As at December 31,	
	2019	2018
Current		
Unsecured		
Considered good [1]	40,706,238	25,702,958
Considered doubtful	458,616	136,685
	41,164,854	25,839,643
Less: Allowances for credit losses	(458,616)	(136,685)
Total trade receivables	40,706,238	25,702,958

(1) Includes dues from related parties (Refer to Note 2.20)

2.7 Cash and cash equivalents

in US $

Particulars	As at December 31,	
	2019	2018
Balances with banks		
In current and deposit accounts	44,019,452	23,518,789
	44,019,452	23,518,789

Cash and cash equivalents as at December 31, 2019 and December 31, 2018 include restricted bank balances of US $ 5,000 each. This represents restricted bank balance, in trust account, in accordance with collection agency licensing requirements.

2.8 Other assets

in US $

Particulars	As at December 31,	
	2019	2018
Non-current		
Capital advances	–	301,270
Prepaid expenses	11,971,125	11,138,842
Total non-current other assets	11,971,125	11,440,112
Current		
Advances other than capital advance		
Payment to vendors for supply of goods	11,470	23,552
Others		
Prepaid expenses	20,837,602	23,331,688
Withholding taxes and others	905	1,690
Unbilled revenues[1]	990,337	1,309,410
Others[2]	1,624	1,624
Total current other assets	21,841,938	24,667,964
Total other assets	33,813,063	36,108,076

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

(2) Includes dues from related parties (Refer to Note 2.20)

2.9 Financial instruments

Accounting policy

2.9.1 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.

2.9.2 Subsequent measurement

(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.

2.9.3 Derecognition of financial instruments

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

2.9.4 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.

2.9.5 Impairment

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

Financial instruments by category

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

in US $

Particulars	As at December 31,	
	2019	2018
Assets		
Cash and cash equivalents (Refer to Note 2.7)	44,019,452	23,518,789
Trade receivables (Refer to Note 2.6)	40,706,238	25,702,958
Loans (Refer to Note 2.4)	9,509	7,902
Other financial assets (Refer to Note 2.5)	53,643,411	37,315,876
Total	138,378,610	86,545,525
Liabilities		
Borrowings (Refer to Note 2.20)	–	5,716,233
Trade payables (Refer to Note 2.12)	22,251,795	18,088,097
Other financial liabilities (Refer to Note 2.11)	69,070,366	40,368,029
Total	91,322,161	64,172,359

All the above financial assets and financial liabilities 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. 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 US $ 40,706,238 and US $ 25,702,958 as at December 31, 2019 and December 31, 2018, 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. 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 ten customers:

in %

Particulars	Year ended December 31,	
	2019	2018
Revenue from top customer	22	21
Revenue from top ten customers	68	66

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances is US $ 458,616 crore and US $ 136,685 for the year ended December 31, 2019 and December 31, 2018, respectively.

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

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents. The Company has no outstanding borrowings as at December 31, 2019. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of December 31, 2019, the Company had a working capital of US $ 38,293,464 including cash and cash equivalents of US $ 44,019,452. As of December 31, 2018, the Company had a working capital of US $ 17,957,091 including cash and cash equivalents of US $ 23,518,789.

2.10 Equity

At December 31, 2019, the Company had one member, Infosys BPM 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, 2019

2.11 Other financial liabilities

in US $

Particulars	As at December 31,	
	2019	2018
Non-current		
Accrued expenses [1]	26,562,969	12,194,146
Total non-current other financial liabilities	26,562,969	12,194,146
Current		
Accrued compensation to employees [1]	2,505,805	1,828,543
Accrued expenses [1]	39,760,190	26,218,850
Compensated absences	565,504	384,309
Capital creditors [1]	132,458	59,590
Other payables [1] [2]	108,944	66,900
Total current other financial liabilities	43,072,901	28,558,192
Total other financial liabilities	69,635,870	40,752,338

(1) Financial liability carried at amortized cost

(2) Includes dues to related parties (Refer to Note 2.20)

2.12 Trade payables

in US $

Particulars	As at December 31,	
	2019	2018
Current		
Trade payables [1]	22,251,795	18,088,097
Total trade payables	22,251,795	18,088,097

(1) Includes dues to related parties (Refer to Note 2.20)

2.13 Other liabilities

in US $

Particulars	As at December 31,	
	2019	2018
Non-current		
Deferred rent[1]	2,089,830	42,581
Total non-current other liabilities	2,089,830	42,581
Current		
Unearned revenue	29,932,512	27,036,183
Others		
Withholding taxes and others	241,180	299,511
Deferred rent[1]	280,003	21,551
Total current other liabilities	30,453,695	27,357,245
Total other liabilities	32,543,525	27,399,826

(1) Includes unamortized leasehold improvement allowance of US $ 1,702,402 received in respect of Cumberland, Atlanta lease, of which US $ 258,593 is classified as current as on December 31, 2019.

2.14 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 on 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 Statement of Profit or 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.

The provision for post sales client support and others as at December 31, 2019 and December 31, 2018 is as follows:

in US $

Particulars	As at December 31,	
	2019	2018
Others		
Post-sales client support and others	705,620	941,614
Total provisions	705,620	941,614

Provision for post-sales client support and others

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

in US $

Particulars	As at December 31,	
	2019	2018
Balance at the beginning	941,614	817,281
Provision recognized / (reversed)	(229,642)	149,008
Provision utilized	(6,352)	(24,675)
Balance at the end	705,620	941,614

2.15 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.

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.

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

in US $

Particulars	Year ended December 31,	
	2019	2018
Current taxes	5,812,696	2,181,285
Deferred taxes	(708,991)	2,621,963
Income tax expense	5,103,705	4,803,248

Entire deferred income tax for the year ended December 31, 2019 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 below:

in US $

Particulars	Year ended December 31,	
	2019	2018
Profit before incomes taxes	24,695,533	16,541,146
Statutory tax rate	21%	21%
Computed expected tax expense	5,186,062	3,473,641
State taxes	1,369,569	732,900
Withholding taxes	50,505	–
Disallowed items	11,661	12,797
Base erosion and anti-abuse tax (BEAT) liability(1)	(1,477,520)	1,375,596
Deferred tax – change in tax rates	–	174,739
Effect of true up of previous year taxes	67,574	21,968
Other adjustments	(104,146)	(988,393)
Income tax expense	5,103,705	4,803,248

(1) Internal Revenue Service ("IRS") issued final regulation on December 6, 2019 providing further clarification on Base Erosion and Anti-abuse Tax (BEAT) computation. Consequent to the issuance of the final regulation, there has been reversal of tax expenses pertaining to the prior period.

The applicable US federal tax rates for 2019 and 2018 is 21% and 21% respectively.

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 set forth below:

in US $

Particulars	Year ended December 31,	
	2019	2018
Deferred tax assets:		
Carry forward business losses	–	1,359,923
Accruals	598,908	412,268
Accrued compensation	233,840	146,010
Deferred rent	253,423	16,033
Property, plant and equipment and intangible assets	553,016	1,102,349
Accrued vacation	141,376	96,078
Unearned revenue	2,245,082	–
Others	90,400	274,393
	4,116,045	3,407,054
Deferred tax liability:		
Accruals including contingent consideration reversal	(2,400,000)	(2,400,000)
Total deferred tax liability	(2,400,000)	(2,400,000)
Deferred tax asset / (liability), net	1,716,045	1,007,054

The ultimate realization of deferred tax assets is dependent upon the Management's assessment of the Company's ability to generate taxable income during the periods in which the temporary differences become deductible. The Management's assessment in the near term is subject to change if estimates of future taxable income during the carry forward period are reduced.

In assessing the realizability of deferred tax assets, the Management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, the Management believes that it is more likely than not the Company will realize the benefit of any deductible differences at December 31, 2019.

2.16 Revenue from operations

Accounting policy

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®, NGIN 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.

Arrangements with customers are either on a fixed-timeframe or on a time-and-material basis.

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties, in writing, to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Company has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Company allocates the transaction price to each distinct performance obligation based on the 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 the absence of such evidence, the primary method used to estimate standalone selling price is the expected cost plus a margin, under which the Company estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services.

Revenue on time-and-material contracts are recognized as the related services are performed. Fixed-price business process management services revenue is recognized ratably either on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period or using a percentage-of-completion method when the pattern of benefits from the services rendered to the customer and Company's costs to fulfil the contract is not even through the period of contract because the services are generally discrete in nature and not repetitive.

Revenue from other fixed-timeframe contracts, where the performance obligations are satisfied over time is recognized using the percentage-of-completion method. Efforts or costs expended have been used to determine progress towards completion as there is a direct relationship between input and productivity. Progress towards completion is measured as the ratio of costs or efforts incurred to date (representing work performed) to the estimated total costs or efforts. Estimates of transaction price and total costs or efforts are continuously monitored over the lives of the contracts and are recognized in profit or loss in the period when these estimates change or when the estimates are revised. Revenues and the estimated total costs or efforts are subject to revision as the contract progresses. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

The billing schedules agreed with customers include periodic performance-based billing and / or milestone-based progress billings. Revenues in excess of billing are classified as unbilled revenue while billing in excess of revenues are classified as contract liabilities (referred to as unearned revenues).

The Company's contracts may include variable consideration including rebates, volume discounts and penalties. The Company includes variable consideration as part of transaction price when there is a basis to reasonably estimate the amount of the variable consideration and when it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers for year ended December 31, 2019 and December 31, 2018 by offerings. 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.

in US $

Particulars	Year ended December 31,	
	2019	2018
Revenue by offerings		
Core services	67,284,889	54,821,174
Sale of third-party software and services	156,658,678	103,805,818
Total	223,943,567	158,626,992

Trade receivables and contract balances

The timing of revenue recognition, billings and cash collections results in receivables, unbilled revenue, and unearned revenue on the Company's Balance Sheet. Amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., monthly or quarterly) or upon achievement of contractual milestones.

Receivables are rights to consideration that are unconditional. Unbilled revenues comprising revenues in excess of billings from time and material contracts and fixed price business process management services are classified as financial asset when the right to consideration is unconditional and is due only after a passage of time.

Invoicing to the clients for other fixed-time frame contracts is based on milestones as defined in the contract and therefore the timing of revenue recognition is different from the timing of invoicing to the customers. Therefore, unbilled revenues for other fixed timeframe contracts are classified as non-financial asset (contract asset) because the right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

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

2.17 Other income, net

Accounting policy

2.17.1 Other income

Other income is comprised primarily of interest income, exchange gain/loss on translation of other assets and liabilities.

2.17.2 Foreign currency

a. Functional currency

The functional currency of the Company is the United States Dollars. The financial statements are presented in United States Dollars.

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 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.

Other income for the year ended December 31, 2019 and December 31, 2018 is as follows:

in US $

Particulars	Year ended December 31,	
	2019	2018
Interest on deposits with banks	393,112	–
Exchange gains / (losses) on translation of other assets and liabilities	(5,597)	(16,471)
Miscellaneous income	8,220	25,650
	395,735	9,179

2.18 Expenses

in US $

Particulars	Year ended December 31,	
	2019	2018
Employee benefit expenses		
Salaries including bonus	37,157,691	31,427,497
Staff welfare	108,455	52,903
	37,266,146	31,480,400
Cost of technical sub-contractors and professional charges		
Cost of technical sub-contractors	53,189,334	37,620,951
Legal and professional	848,618	2,114,726
Recruitment and training	315,658	172,988
	54,353,610	39,908,665
Other expenses		
Consumables	67,058	12,571
Brand building and advertisement	45,032	16,453
Rates and taxes	192,731	187,211
Communication expenses	565,794	1,729,180
Power and fuel	10,399	21,059
Office maintenance	1,184,946	1,144,857
Bank charges and commission	75,049	26,253
Impairment loss recognized / (reversed) under expected credit loss model	800,406	111,379
Provision for doubtful loans and advances	5,909	450
Provision for post-sales client support and others	125,835	8,551

Particulars	Year ended December 31,	
	2019	2018
Postage and couriers	2,867,155	3,376,053
Insurance	67,742	126,422
Auditor's remuneration		
Statutory audit fees	35,000	33,273
Reimbursement of expenses	5,447	2,428
Donations	775,000	10,000
Professional membership and seminar participation fees	43,224	56,552
Others	17,307	17,121
	6,884,034	6,879,813

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

in US $

Particulars	Year ended December 31,	
	2019	2018
Contingent liabilities*	–	–
Commitments :		
Estimated amount of contacts remaining to be executed on capital contracts and not provided for (net of advances and deposits)	489,370	767,962

* 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.

2.20 Related party transactions

List of related parties:

Name of subsidiaries	Country	Holding as at December 31,	
		2019	2018
Ultimate Holding			
Infosys Limited	India	Ultimate Holding Company	Ultimate Holding Company
Holding			
Infosys BPM Limited	India	Holding company	Holding company

Fellow subsidiaries	Country
Infosys BPO Americas LLC [(1)]	US
Infosys Public Services Inc	US
Brilliant Basics Limited [(2)]	UK
Kallidus Inc. (Kallidus)	US
WDW Communications, Inc [(3)]	US
WongDoody, Inc [(3)]	US

[(1)] Wholly-owned subsidiary of Infosys BPM

[(2)] Wholly-owned subsidiary of Brilliant Basics Holding Limited.

[(3)] Wholly-owned subsidiary of WongDoody

The details of amounts due to or due from related parties as at December 31, 2019 and December 31, 2018 are as follows:

in US $

Particulars	As at December 31,	
	2019	2018
Loan taken		
Infosys Public Services Inc. [(1)]	–	5,716,233
	–	5,716,233
Trade payables		
Infosys Limited	16,462,101	8,950,854
Infosys BPM Limited	293,016	330,313
	16,755,117	9,281,167
Trade receivables		
Infosys Limited	61,743	94,214

Particulars	As at December 31,	
	2019	2018
Infosys BPM Limited	1,516,756	842,431
	1,578,499	936,645
Other financial assets		
Infosys Limited	18,640	3,071
Infosys BPM Limited	23,360	1,312
Infosys BPO Americas LLC	25,211	–
	67,211	4,383
Other assets		
Infosys Limited	1,624	1,624
	1,624	1,624
Other financial liabilities		
Infosys Limited	102,250	57,915
Infosys BPM Limited	312	5,472
	102,562	63,387

(1) 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.The Company has repaid the entire loan along with the accrued interest to Infosys Public Services Inc in January, 2019.

The details of the related parties transactions entered into by the Company for year ended December 31, 2019 and December 31, 2018 are as follows:

in US $

Particulars	Year ended December 31,	
	2019	2018
Capital transactions:		
Repayment of loan to Infosys Public Services Inc.	5,716,233	–
Purchase of software (Skytree) from Kallidus Inc.	–	1,300,000
	5,716,233	1,300,000
Revenue transactions		
Purchase of services		
Infosys Limited	45,376,237	29,686,913
Infosys BPM Limited	4,023,670	4,318,977
Brilliant Basics Limited.	–	103,836
WDW Communications, Inc.	89,351	–
WongDoody Inc.	119,981	–
	49,609,239	34,109,726
Sale of services		
Infosys Limited	883,063	893,669
Infosys BPM Limited	13,059,159	5,083,604
	13,942,222	5,977,273
Finance cost		
Infosys Public Services Inc.	4,897	137,500
	4,897	137,500

List of key management personnel

Name of the related party	Designation
Richard Magner	Chief Executive Officer and Director
Kapil Jain	Director
Thothathri V	Director

Transaction with key management personnel

The compensation to key managerial personnel which comprise directors and executive officers is as follows:

in US $

Particulars	Year ended December 31,	
	2019	2018
Salaries and other employee benefits to whole-time directors and executive officers	561,807	527,555
Commission and other benefits to non-executive / independent directors	–	–
Total	561,807	527,555

2.21 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.

2.22 Segment reporting

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. The Company's operations are considered to constitute a single segment in the context of Ind AS 108 Segment Reporting.

for and on behalf of Infosys McCamish Systems, LLC

Rich Magner
Chief Executive Officer

Kapil Jain
Director

Thothathri V
Director

Bengaluru
May 13, 2020

Infosys Public Services Inc.

Independent Auditor's Report

To the Board of Directors of Infosys Public Services, inc.

Report on the Special Purpose Consolidated Financial Statements

Opinion

We have audited the accompanying special purpose consolidated financial statements of INFOSYS PUBLIC SERVICES, INC. ("the Company"), which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the special purpose consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose consolidated financial statements gives a true and fair view in conformity with the basis of preparation referred to in Note 1.2 of the special purpose consolidated financial statements, of the state of affairs of the Company as at March 31, 2020, 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 special purpose consolidated financial statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special purpose consolidated 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 ethical requirements that are relevant to our audit of the special purpose consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the special purpose consolidated financial statements.

Management's Responsibilities for the Special Purpose Consolidated Financial Statements

The Company's Board of Directors are responsible for the preparation of these special purpose consolidated 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 basis described in Note 1.2 of the special purpose consolidated financial statement.

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

In preparing the special purpose consolidated financial statements, the Company's Board of 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 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 Special purpose Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the special purpose consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of 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 management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the special purpose consolidated financial statements, including the disclosures, and whether the special purpose consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Basis of Accounting

We draw attention to Note 1.2 to the special purpose consolidated financial statements, which describes the basis of accounting. As a result, the special purpose consolidated financial statements may not be suitable for another purpose.

Restriction on Use and distribution

Our report is intended solely for the use of Company's management for the above purpose and should not be distributed to or used by any other parties.

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

UDIN: 20110128AAAABG6429

Bengaluru
May 15, 2020

Consolidated Balance Sheet

in US$

Particulars	Note no.	As at March 31, 2020	As at March 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	2.1	647,462	74,212
Right-of-use assets	2.12	2,233,626	–
Financial assets			
Loans	2.2	10,003,696	12,003,696
Other financial assets	2.5	299,134	192,349
Deferred tax assets (net)	2.13	2,599,011	2,502,552
Income tax assets (net)	2.13	4,160,319	1,528,076
Total non-current assets		19,943,248	16,300,885
Current assets			
Financial assets			
Trade receivables	2.3	29,719,229	16,885,331
Cash and cash equivalents	2.4	19,944,820	36,990,838
Loans	2.2	15,023,817	3,047,149
Other financial assets	2.5	2,001,698	1,908,220
Other current assets	2.6	24,315,038	15,551,298
Total current assets		91,004,602	74,382,837
Total assets		110,947,850	90,683,722
Equity and liabilities			
Equity			
Equity share capital	2.7	17,500,000	17,500,000
Other equity		59,231,500	48,419,476
Total equity attributable to equity holders of the Company		76,731,500	65,919,476
Non-controlling interests		–	–
Total equity		76,731,500	65,919,476
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities	2.12	2,074,601	–
Total non-current liabilities		2,074,601	–
Current liabilities			
Financial liabilities			
Trade payables	2.8	11,491,049	9,214,162
Lease liabilities	2.12	276,145	–
Other financial liabilities	2.9	12,690,624	11,165,327
Other current liabilities	2.10	5,620,167	3,265,966
Provisions	2.11	1,515,481	970,176
Income tax liabilities (net)	2.13	548,283	148,615
Total current liabilities		32,141,749	24,764,246
Total equity and liabilities		110,947,850	90,683,722

The accompanying notes form an integral part of the consolidated 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 15, 2020

for and on behalf of the Board of Directors of Infosys Public Services Inc.

Ravi Kumar S
Director

Eric Paternoster
CEO

Consolidated Statement of Profit and Loss

in US$, except equity share data

Particulars	Note no.	Years ended March 31, 2020	2019
Revenue from operations	2.14	156,285,358	150,531,666
Other income, net	2.15	(193,097)	(19,473)
Total income		156,092,261	150,512,193
Expenses			
Employee benefit expenses	2.16	19,602,077	17,234,408
Cost of technical sub-contractors		122,463,028	128,961,536
Travel expenses		1,046,874	1,169,232
Cost of software packages and others	2.16	2,376,902	1,820,725
Communication expenses		94,792	67,247
Consultancy and professional charges		593,986	851,185
Depreciation and amortization expense	2.1 and 2.12	485,086	50,178
Finance cost	2.12	43,114	–
Other expenses	2.16	1,367,326	1,052,573
Total Expenses		148,073,185	151,207,084
Profit / (Loss) before tax		8,019,076	(694,891)
Tax (benefit) / Expense:			
Current tax	2.13	(2,881,848)	5,041,933
Deferred tax	2.13	(96,458)	(631,201)
Profit/ (Loss) for the period		10,997,382	(5,105,622)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		–	–
Remeasurement of the net defined benefit (liability)/asset, net		–	–
Equity instruments through other comprehensive income, net		–	–
Items that will be reclassified subsequently to profit or loss		–	–
Exchange differences on translation of foreign operations, net		–	–
Fair value changes on investments, net		–	–
Total other comprehensive income/(loss), net of tax		–	–
Total comprehensive income / (loss) for the period		10,997,382	(5,105,622)
Profit / (Loss) attributable to:			
Owners of the Company		10,997,382	(5,105,622)
Non-controlling interests		–	–
		10,997,382	(5,105,622)
Total comprehensive income / (Loss) attributable to:			
Owners of the Company		10,997,382	(5,105,622)
Non-controlling interests		–	–
		10,997,382	(5,105,622)
Earnings per equity share			
Earnings per equity share of US$ 0.5 each			
Basic and diluted		0.31	(0.15)
Weighted average equity shares used in computing earnings per equity share			
Basic and diluted		35,000,000	35,000,000

The accompanying notes form an integral part of the consolidated 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 15, 2020

for and on behalf of the Board of Directors of Infosys Public Services Inc.

Ravi Kumar S
Director

Eric Paternoster
CEO

Consolidated Statement of Changes in Equity

in US$

Particulars	Equity share capital	Other equity -Retained earnings	Total equity attributable to equity holders of the Company
Balance as at April 1, 2018	17,500,000	53,525,098	71,025,098
Changes in equity for the year ended March 31, 2019			
Loss for the period	–	(5,105,622)	(5,105,622)
Balance as at March 31, 2019	17,500,000	48,419,476	65,919,476
Balance as at April 1, 2019	17,500,000	48,419,476	65,919,476
Changes in equity for the year ended March 31, 2020			
Impact on account of adoption of Ind AS 116 (Refer to Note 2.12)	–	(185,358)	(185,358)
Profit for the period	–	10,997,382	10,997,382
Balance as at March 31, 2020	17,500,000	59,231,500	76,731,500

The accompanying notes form an integral part of the consolidated 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 15, 2020

for and on behalf of the Board of Directors of Infosys Public Services Inc.

Ravi Kumar S
Director

Eric Paternoster
CEO

Consolidated Statement of Cash Flows

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 Group are segregated. The Group considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

in US$

Particulars	Note no.	Years ended March 31, 2020	2019
Cash flow from operating activities			
Profit/ (Loss) for the period		10,997,382	(5,105,622)
Adjustments to reconcile net profit to net cash provided by operating activities			
Income tax expense	2.13	(2,978,306)	4,410,732
Depreciation and amortization	2.1 and 2.12	485,086	50,178
Finance cost	2.12	43,114	-
Interest income on loan to fellow subsidiaries	2.18 (c)	(680,104)	(375,842)
Provision for post-sales client support	2.16	382,032	384,880
Impairment loss recognized/(reversed) under expected credit loss model	2.16	380,263	(175,568)
Exchange difference on translation of assets and liabilities		(95,496)	469,984
Changes in assets and liabilities			
Trade receivables and unbilled revenue		(20,757,879)	(4,996,506)
Loans, other financial assets and other assets		(808,462)	594,146
Trade payables	2.8	2,276,887	48,190
Other financial liabilities, other liabilities and provisions		4,018,932	(4,368,768)
Cash generated/(used) from operations		(6,736,551)	(9,064,197)
Income taxes paid		649,274	(6,427,852)
Net cash used in operating activities		(6,087,277)	(15,492,050)
Cash flow from investing activities			
Expenditure on property, plant and equipment		(710,949)	(168,917)
Loan given to fellow subsidiaries	2.18 (c)	(10,000,000)	(6,500,000)
Interest received on loan from fellow subsidiaries		78,562	281,575
Loans to employees		23,332	49,611
Net cash used in investing activities		(10,609,055)	(6,337,731)
Cash flow from financing activities			
Payment of lease liability		(445,182)	–
Net cash used in financing activities		(445,182)	–
Effect of exchange rate on translation of foreign currency cash and cash equivalents		95,496	(469,984)
Net increase / (decrease) in cash and cash equivalents		(17,141,514)	(21,829,781)
Cash and cash equivalents at the beginning of the period		36,990,838	59,290,602
Cash and cash equivalents at the end of the period		19,944,820	36,990,838

The accompanying notes form an integral part of the consolidated 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 15, 2020

for and on behalf of the Board of Directors of Infosys Public Services Inc.

Ravi Kumar S
Director

Eric Paternoster
CEO

1 Overview

1.1 Company overview

Infosys Public Services together with its subsidiaries is hereinafter referred to as 'the Group'. The Group's operations are to provide solutions that span the entire software lifecycle encompassing technical consulting, design, development, re-engineering, maintenance, systems integration, package evaluation and implementation, testing and infrastructure management services. The Company controls Infosys Canada Public Services Inc. In this financial year, Infosys Canada Public Services Inc. has not commenced its operations.

1.2 Basis of preparation of financial statements

These special purpose consolidated financial statements are prepared for inclusion in the Annual Report of the holding Company Infosys Limited under the requirements of Section 129 (3) of the Companies Act 2013.

These consolidated 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 rules issued thereafter.

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (i.e. the "functional currency"). The functional currency of the Company is United States Dollars ("US Dollars") and the financial statements are also presented in US Dollars. All amounts included in the financial statements are reported in US Dollars, unless otherwise stated.

Accounting policies have been applied consistently to all periods presented in these consolidated 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 Basis of consolidation

Infosys Public Services consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company, its subsidiary, as disclosed in Note no.1.1. Control exists when the parent has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. The subsidiary is consolidated from the date control commences until the date control ceases.

1.4 Use of estimates and judgments

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 Critical accounting estimates

1.5.1 Revenue recognition

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved, in writing, by the parties to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. The Group assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligations to determine the deliverables and the ability of the customer to benefit independently from such deliverables, and allocation of transaction price to these distinct performance obligations involves significant judgment.

Fixed-price maintenance revenue is recognized ratably on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period. Revenue from fixed-price business process management services contract is recognized ratably using a percentage-of-completion method when the pattern of benefits from the services rendered to the customer and Group's costs to fulfil the contract is not even through the period of the contract because the services are generally discrete in nature and not repetitive. The use of method to recognize the maintenance revenue requires judgment and is based on the promises in the contract and nature of the deliverables.

The Group uses the percentage-of-completion method in accounting for other fixed-price contracts. Use of the percentage-of-completion method requires the Group to determine the actual efforts or costs expended to date as a proportion of the estimated total efforts or costs to be incurred. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. The estimation of total efforts or costs involves significant judgment and is assessed throughout the period of the contract to reflect any changes based on the latest available information.

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

1.5.2 Income taxes

The Company's major tax jurisdictions is the US, though the Company also files tax returns in other jurisdictions. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions. Also, refer to Note 2.13.

In assessing the realizability of deferred income tax assets, the Management considers whether some portion or all 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 Group 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.

1.5.3 Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Group. 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 Group'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 lives, such as changes in technology. Refer to (Note 2.1.)

1.5.4 Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Infosys's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Group has concluded that no changes are required to lease period relating to the existing lease contracts. Refer to (Note 2.12.)

1.5.5 Loss allowance for receivables and unbilled revenues

The Group determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Group considered current and anticipated future economic conditions relating to industries the Group deals with and the countries where it operates. In calculating expected credit loss, the Group has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

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 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
Plant and Machinery[(1)]	5 years
Furniture and fixtures[(1)]	5 years
Office equipment[(1)]	5 years
Leasehold improvements	Lower of lease term or Useful life

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

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

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

Repairs and maintenance costs are recognized in the Consolidated 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 Consolidated Statement of Profit and Loss.

Impairment

Property, plant and equipment and Intangible assets 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 Consolidated 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 Consolidated 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 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, 2020 are as follows:

in US$

Particulars	Office equipment	Plant and machinery	Computer equipment	Furniture and fixtures	Leasehold improvement	Total
Gross carrying value as of April 1, 2019	47,411	10,053	549,571	195,508	–	802,543
Additions	67,928	–	234,833	87,912	333,834	724,507
Deletions	–		(51,972)	–	–	(51,972)
Gross carrying value as of March 31, 2020	115,340	10,053	732,431	283,420	333,834	1,475,077
Accumulated depreciation as of April 1, 2019	(34,529)	(10,053)	(495,143)	(188,606)	–	(728,331)
Depreciation	(13,208)	–	(86,649)	(11,765)	(39,634)	(151,256)
Accumulated depreciation on deletions	–		51,972	–	–	51,972
Accumulated depreciation as of March 31, 2020	(47,737)	(10,053)	(529,820)	(200,371)	(39,634)	(827,615)
Carrying value as of April 1, 2019	12,882	–	54,427	6,903	–	74,212
Carrying value as of March 31, 2020	67,602	–	202,611	83,049	294,200	647,462

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

in US$

Particulars	Office equipment	Plant and machinery	Computer equipment	Furniture and fixtures	Leasehold improvement	Total
Gross carrying value as of April 1, 2018	37,701	10,053	547,109	174,363	-	769,226
Additions	9,710	–	49,242	21,145	–	80,098
Deletions	–		(46,781)	–	–	(46,781)
Gross carrying value as of March 31, 2019	47,411	10,053	549,571	195,508	–	802,543
Accumulated depreciation as of April 1, 2018	(28,099)	(10,053)	(512,419)	(174,363)	–	(724,934)
Depreciation	(6,430)	–	(29,505)	(14,242)	–	(50,178)
Accumulated depreciation on deletions	–		46,781	–	–	46,781
Accumulated depreciation as of March 31, 2019	(34,529)	(10,053)	(495,143)	(188,606)	–	(728,331)
Carrying value as of April 1, 2018	9,602	–	34,690	–	–	44,292
Carrying value as of March 31, 2019	12,882	–	54,427	6,903	–	74,212

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

2.2 Loans

in US$

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Loan receivables considered good – Unsecured		
Loans to fellow subsidiaries	10,000,000	12,000,000
Other loans		
Loans to employees	3,696	3,696
	10,003,696	12,003,696
Unsecured, considered doubtful		
Other loans		
Loans to employees	8,654	9,194
	10,012,350	12,012,890
Less: Allowance for doubtful loans to employees	8,654	9,194
Total non-current loans	10,003,696	12,003,696
Current		
Loan receivables considered good – Unsecured		
Loans to fellow subsidiaries	15,000,000	3,000,000
Other loans		
Loans to employees	23,817	47,149
Total current loans	15,023,817	3,047,149
Total loans	25,027,513	15,050,845

2.3 Trade receivables

in US$

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Unsecured		
Considered good[1]	29,719,229	16,885,331
Considered doubtful	528,129	355,569
	30,247,358	17,240,900
Less: Allowances on for credit losses	528,129	355,569
Total trade receivables	29,719,229	16,885,331
[1]includes dues from holding company	381,133	621,363

2.4 Cash and cash equivalents

in US$

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with bank		
In current and deposit accounts	19,944,820	36,990,838
	19,944,820	36,990,838

2.5 Other financial assets

in US$

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Interest accrued on loan to fellow subsidiaries [1]	299,134	192,349
Current		
Unbilled revenues [1][3]	1,448,467	1,851,547
Interest accrued on loan to fellow subsidiaries[1]	521,640	26,884
Other receivables from related party[1]	16,502	23,156
Others[2]	15,089	6,633
Total	2,300,832	2,100,569

(1) Financial assets carried at amortized cost.

(2) Includes dues from holding company and other group companies

(3) Classified as financial asset as right to consideration is unconditional and is due only after a passage of time

2.6 Other current assets

in US$

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Payment to vendors for supply of goods	9,608	10,346
Others		
Prepaid expenses	1,152,330	138,647
Unbilled revenue[1]	22,907,137	14,960,339
Withholding taxes[2]	236,488	435,086
Other receivables	9,475	6,880
Total Current other assets	24,315,038	15,551,298

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

(2) Withholding taxes related to employees and VAT

2.7 Equity

Equity share capital

in US$

Particulars	As at March 31, 2020	As at March 31, 2019
Authorized		
Equity shares, USD 0.5 (USD 0.5) par value		
40,000,000 (40,000,000) equity shares	40,000,000	40,000,000
Issued, subscribed and paid-up		
Equity shares, USD 0.5 (USD 0.5) par value	17,500,000	17,500,000
35,000,000 (35,000,000) equity shares fully paid-up		
	17,500,000	17,500,000

The Company has only one class of shares referred to as equity shares having a par value of USD 0.5. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company in proportion to the number of equity shares held by the shareholders, after distribution of all preferential amounts.

The details of shareholder holding more than 5% shares as at March 31, 2020 is as follows :

Name of the shareholder	As at March 31,			
	2020		2019	
	Number of shares	% held	Number of shares	% held
Infosys Limited, the holding company	35,000,000	100.00	35,000,000	100.00

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2020 is as follows:

in US$, except as stated otherwise

Particulars	As at March 31,			
	2020		2019	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the period	35,000,000	17,500,000	35,000,000	17,500,000
Add: Shares issued during the period	–	–	–	–
At the end of the period	35,000,000	17,500,000	35,000,000	17,500,000

Earnings per equity share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Group by the weighted average number of equity shares outstanding during the period.

2.8 Trade payables

in US $

Particulars	As at March 31,	
	2020	2019
Trade payables[1]	11,491,049	9,214,162
	11,491,049	9,214,162
[1] Includes dues to the holding company and other Group Companies (Refer to Note 2.18(b))	9,209,287	8,510,979

2.9 Other financial liabilities

in US $

Particulars	As at March 31,	
	2020	2019
Current		
Others		
Compensated absences	922,034	895,014
Accrued compensation to employees [1]	1,651,633	2,026,390
Accrued expenses [1]	9,904,186	7,745,409
Retention monies [1]	8,535	–
Payable to related parties [1][2]	190,798	457,847
Others payables [1]	13,438	40,667
	12,690,624	11,165,327

[1] Financial liability carried at amortized cost

[2] Includes dues to the holding company and other Group Companies (Refer to Note 2.18(b))

2.10 Other current liabilities

in US $

Particulars	As at March 31,	
	2020	2019
Current		
Unearned revenue	4,677,250	2,798,941
Client deposit	122,320	110,000
Others		
Withholding taxes payable	820,597	357,025
Total current other liabilities	5,620,167	3,265,966

2.11 Provisions

Accounting policy

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 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 Group provides its clients with a fixed-period post-sales support on its fixed-price and fixed-timeframe contracts. Costs associated with such support services are accrued at the time related revenues are recorded. The Group 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 Group 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 Group recognizes any impairment loss on the assets associated with that contract.

Other liabilities consists of the following:

in US$

Particulars	As at March 31,	
	2020	2019
Current		
Others		
Post-sales client support and other provisions	1,515,481	970,176
Total provisions	1,515,481	970,176

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

in US$

Particulars	As at March 31,	
	2020	2019
Balance at the beginning	970,176	589,745
Provision recognized / (reversed)	613,020	384,880
Provision utilized	44,565	–
Exchange difference	(23,150)	(4,449)
Balance at the end	1,515,481	970,176

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

2.12 Leases

Accounting policy

The Company's lease asset classes consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contact involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU asset") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate 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 as cash generating unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost using the effective interest rate method at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, incremental borrowing rates in the countries of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition

Effective April 1, 2019, the Company adopted Ind AS 116, Leases and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of ROU asset of US$ 1,149,580 and a lease liability of US$ 1,334,938. The cumulative effect of applying the standard of US$ 185,358 was adjusted in retained earnings, net of taxes. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the ROU asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 1.69%.

The changes in the carrying value of right-of-use assets for the year ended March 31, 2020 are as follows:

in US$

Particulars	Buildings	Total
Balance as of April 1, 2019	1,149,580	1,149,580
Additions	1,417,876	1,417,876
Deletions	–	–
Depreciation	333,830	333,830
Translation differences	–	–
Balance as of March 31, 2020	2,233,626	2,233,626

The break-up of current and non-current lease liability as at March 31, 2020 is as follows:

in US$

Particulars	As at March 31, 2020
Current lease liability	276,145
Non-current lease liability	2,074,601
Total	2,350,746

The movement in lease liability during the year ended March 31, 2020 is as follows:

in US$

Particulars	For the year ended March 31, 2020
Balance as of April 1, 2019	1,334,938
Additions	1,417,876
Deletions	–
Interest accrued during the period	43,114
Lease payments	(375,729)
Translation differences	(69,454)
Balance as of March 31, 2020	2,350,746

The details regarding the contractual maturities of lease liabilities on undiscounted basis as at March 31, 2020 is as follows:

in US$

Particulars	As at March 31, 2020
Less than one year	314,233
One to five years	1,307,529
More than five years	976,530
Total	2,598,291

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

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

2.13 Income taxes

Accounting policy

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in the condensed Consolidated 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.

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

in US$

Particulars	For the year ended March 31,	
	2020	2019
Current tax	(2,881,848)	5,041,933
Deferred tax	(96,458)	(631,201)
Income tax (benefit)/ expense	(2,978,306)	4,410,732

Income tax expense for the year ended March 31, 2020 and March 31, 2019 includes reversals (net of provisions) of US$ 5,603,579 and US$ 1,122,882, respectively, pertaining to prior years.

Entire deferred income tax for the year ended March 31, 2020 and March 31, 2019 respectively relates to origination and reversal of temporary differences.

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

in US$

Particulars	For the year ended March 31,	
	2020	2019
Profit before incomes taxes	8,019,076	(694,891)
Enacted tax rate	21%	21%
Computed expected tax expense	1,684,006	(145,927)
BEAT tax	–	5,459,934
State taxes	677,097	(24,484)
Overseas taxes	170,752	140,353
Disallowed items – meals and entertainment	133,535	81,656
Change in tax rate	–	–
Tax pertaining to prior year	(5,603,579)	(1,122,882)
Others	(40,117)	22,083
Income tax expense	(2,978,306)	4,410,732

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. The Internal Revenue Service ("IRS") issued final regulation on December 6, 2019 providing further clarification on the BEAT computation. Based on the final regulation, there is an income tax reversal of US$ 5,459,934, pertaining to prior year.

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

in US$

Particulars	For the year ended March 31,	
	2020	2019
Income tax assets	4,160,318	1,528,075
Current income tax liabilities	(548,283)	(148,615)
Net income tax assets/ (liability) at the end	3,612,035	1,379,460

The gross movement in the current income tax asset/ (liability) for the year ended March 31, 2020 and March 31, 2019 is as follows:

in US$

Particulars	For the year ended March 31,	
	2020	2019
Net income tax asset/ (liability) at the beginning	1,379,460	(6,458)
Income tax paid/ (refund)	(649,274)	6,427,852
Income tax benefit/(expense)	2,881,848	(5,041,933)
Net income tax asset/ (liability) at the end	3,612,035	1,379,460

The movement in gross deferred income tax assets for the year ended March 31, 2020 is as follows:

in US$

Particulars	Carrying value as on April 1, 2019	Changes through Profit and loss	Carrying Value as on March 31, 2020
Deferred income tax assets			
Property, plant and equipment	778,590	2,398	780,988
Compensated absences	259,554	156,753	416,307
Accrued compensation	505,141	(174,790)	330,351
Provision for post-sales customer support	281,351	158,138	439,489
Trade receivables	167,363	52,675	220,038
Others	510,553	(98,716)	411,837
Total deferred income tax assets	2,502,552	96,458	2,599,011

The movement in gross deferred income tax assets for the year ended March 31, 2019 was as follows:

in US$

Particulars	Carrying value as on April 1, 2018	Changes through profit and loss	Carrying value as on March 31, 2019
Deferred income tax assets			
Property, plant and equipment	400,343	378,247	778,590
Compensated absences	232,044	27,510	259,554
Accrued compensation	410,096	95,045	505,141
Provision for post-sales customer support	171,026	110,325	281,351
Trade receivables	218,351	(50,988)	167,364
Others	439,492	71,061	510,553
Total deferred income tax assets	1,871,352	631,201	2,502,552

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

in US$

Particulars	For the year ended March 31,	
	2020	2019
Deferred income tax assets after set-off	2,599,011	2,502,552

Deferred tax assets and deferred tax liabilities have been offset wherever the Group 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 tax assets, the Management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, the Management believes that it is more likely than not that the Company will realize the benefit of the deductible differences at March 31, 2020. Accordingly, the Management has recorded deferred tax asset in its financial statements.

2.14 Revenue

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties, in writing, to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Group has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

The Group assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Group allocates the transaction price to each distinct performance obligation based on the 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 the absence of such evidence, the primary method used to estimate standalone selling price is the expected cost plus a margin, under which the Group estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services.

The Group's contracts may include variable consideration including rebates, volume discounts and penalties. The Group includes variable consideration as part of transaction price when there is a basis to reasonably estimate the amount of the variable consideration and when it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue on time-and-material contracts are recognized as the related services are performed. Fixed-price maintenance revenue is recognized ratably either on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period or using a percentage-of-completion method when the pattern of benefits from the services rendered to the customer and Group's costs to fulfil the contract is not even through the period of contract because the services are generally discrete in nature and not repetitive.

Revenue from other fixed-price and other fixed-timeframe contracts, where the performance obligations are satisfied over time is recognized using the percentage-of-completion method. Efforts or costs expended have been used to determine progress towards completion as there is a direct relationship between input and productivity. Progress towards completion is measured as the ratio of costs or efforts incurred to date (representing work performed) to the estimated total costs or efforts. Estimates of transaction price and total costs or efforts are continuously monitored over the lives of the contracts and are recognized in profit or loss in the period when these estimates change or when the estimates are revised. Revenues and the estimated total costs or efforts are subject to revision as the contract progresses. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

The billing schedules agreed with customers include periodic performance-based billing and / or milestone-based progress billings. Revenues in excess of billing are classified as unbilled revenue while billing in excess of revenues are classified as contract liabilities (referred to as unearned revenues).

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

Revenues for the year ended March 31, 2020 and March 31, 2019 are as follows:

in US$

Particulars	For the years ended March 31,	
	2020	2019
Revenue from software services	156,285,358	150,531,666
Total	156,285,358	150,531,666

Disaggregate revenue information

The disaggregated revenues from contracts with customers for the years ended March 31, 2020 and March 31, 2019 by geography are as follows:

Particulars	For the years ended March 31,	
	2020	2019
Revenue by geography[1]		
North America	155,581,908	150,531,666
Europe	9,963	–
Rest of the world	693,487	–
Total	156,285,358	150,531,666

[1] geographical revenue is based on the domicile of customer.

Trade receivables and contract balances

The timing of revenue recognition, billings and cash collections results in receivables, unbilled revenue, and unearned revenue on the Group's Balance Sheet. Amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., monthly or quarterly) or upon achievement of contractual milestones.

Receivables are rights to consideration that are unconditional. Unbilled revenues comprising revenues in excess of billings from time and material contracts and fixed-price maintenance are classified as financial asset when the right to consideration is unconditional and is due only after a passage of time.

Invoicing to the clients for other fixed price contracts is based on milestones as defined in the contract and therefore the timing of revenue recognition is different from the timing of invoicing to the customers. Therefore, unbilled revenues for other fixed-timeframe contracts are classified as non-financial asset (contract asset) because the right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

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

2.15 Other income

Accounting policy

Other income is comprised primarily of interest income and on translation of other assets and liabilities. Interest income is recognized using the effective interest method.

Foreign currency

Functional currency

The functional currency of the Company is the US Dollar. The functional currency for Infosys Canada Public Services Inc is the respective local currencies. These consolidated financial statements are presented in the US Dollar.

Other income / (expense) consists of the following:

in US$

Particulars	For the years ended March 31,	
	2020	2019
Interest income on financial assets carried at amortized cost		
Deposits with banks and others	390,254	317,471
Loan to fellow subsidiaries	680,104	375,842
Exchange gains / (losses) on translation of other assets and liabilities	(1,265,079)	(715,862)

Particulars	For the years ended March 31,	
	2020	2019
Other miscellaneous income net	1,624	3,075
Total	(193,097)	(19,473)

2.16 Expenses

in US$

Particulars	For the years ended March 31,	
	2020	2019
Employee benefit expenses		
Salaries including bonus	19,310,518	16,977,319
Share-based payments to employees	258,671	213,071
Staff welfare	32,888	44,018
	19,602,077	17,234,408
Cost of software packages and others		
For own use	2,376,901	1,820,725
	2,376,901	1,820,725
Other expenses		
Rates and taxes	81,580	80,966
Branding and marketing expenses	153,054	105,623
Provision/(reversal) for post-sales client support	382,032	384,880
Impairment loss under expected credit loss model	380,263	(175,568)
Rent	17,409	434,876
Commission to non-executive director	–	(1,667)
Others	352,987	223,464
Total	1,367,326	1,052,573

2.17 Financial Instruments

Accounting policy

2.17.1 Initial recognition

The Group 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.

2.17.2 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 (FVOCI)

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. The Group has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

(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.

2.17.3 Derecognition of financial instruments

The Group 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 Group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.17.4 Impairment

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets and unbilled revenue which are not fair valued through profit or loss. Loss allowance for trade receivables and unbilled revenue 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 interim condensed consolidated Statement of Profit and Loss.

Financial instruments by category

The carrying value and fair value of financial instruments as of March 31, 2020 and March 31, 2019 are as follows:

in US$

Particulars	As at March 31,	
	2020	2019
Assets:		
Cash and cash equivalents (Refer to Note 2.4)	19,944,820	36,990,838
Trade receivables (Refer to Note 2.3)	29,719,229	16,885,331
Loans (Refer to Note 2.2)	25,027,514	15,050,845
Other financial assets (Refer to Note 2.5)	2,300,832	2,100,569
Total	76,992,395	71,027,583
Liabilities:		
Trade payables (Refer to Note 2.8)	11,491,049	9,214,163
Lease liabilities (Refer to Note 2.12)	2,350,746	-
Other financial liabilities (Refer to Note 2.9)	12,690,624	11,165,327
Total	26,532,419	20,379,490

Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group'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 Group is foreign exchange risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Group'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 Group operates internationally and a major portion of the business is transacted in several currencies and consequently the Group 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 following table analyzes foreign currency risk from financial instruments as of March 31, 2020:

in US$

Particulars	Canadian Dollar	Others	Total
Cash and cash equivalents	6,296,400	–	6,296,400
Trade receivables	10,048,672	–	10,048,672
Other financial assets (including loans)	777,131	709	777,840
Trade payables	911,307	373	911,679
Lease liability	779,355	–	779,355
Other financial liabilities	8,067,349	203,024	8,270,373
Net assets / (liabilities)	7,364,192	(202,688)	7,161,504

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

in US$

Particulars	Canadian Dollar	others	Total
Cash and cash equivalents	15,565,280	–	15,565,280
Trade receivables	3,361,472	–	3,361,472
Other financial assets (including loans)	24,354	179	24,534
Trade payables	180,243	651	180,894
Other financial liabilities	7,011,180	51,523	7,062,703
Net assets / (liabilities)	11,759,683	(51,995)	11,707,689

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$ 29,719,229 and US$ 16,885,331 as of March 31, 2020 and March 31, 2019, respectively and unbilled revenue amounting to US$ 24,355,604 and US$ 16,811,886 as of March 31, 2020 and March 31, 2019, 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 Group grants credit terms in the normal course of business. As per Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Group's historical experience for customers.

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

in %

Particulars	Year ended March 31,	
	2020	2019
Revenue from top customer	18	23
Revenue from top ten customers	80	84

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2020 was US$ 172,560. The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2019 was US$ (18,829).

in US$

Particulars	Year ended March 31,	
	2020	2019
Balance at the beginning	355,569	374,398
Impairment loss recognized / (reversed)	172,560	(18,829)
Write-offs	–	–
Translation differences	–	–
Balance at the end	528,129	355,569

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 Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The group believes that the working capital is sufficient to meet its current requirements.

As of March 31, 2020, the Group had a working capital of US$ 58,862,853 including cash and cash equivalents of US$ 19,944,820 As of March 31, 2019, the Group had a working capital of 49,618,591 including cash and cash equivalents of US$ 36,990,838.

As of March 31, 2020 and March 31, 2019, the outstanding employee benefit obligations were US$ 922,034 and US$ 895,014, respectively, which have been substantially funded. Further, as of March 31, 2020 and March 31, 2019, the Group had no outstanding bank borrowings. Accordingly, no liquidity risk is perceived.

The details regarding the contractual maturities of significant financial liabilities as of March 31, 2020 are as follows:

in US$

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	11,491,049	–	–	–	11,491,049
Other liabilities (Refer to Note 2.9)	11,768,590	–	–	–	11,768,590

The details regarding the contractual maturities of significant financial liabilities as of March 31, 2019 were as follows:

in US$

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	9,214,162	–	–	–	9,214,162
Other liabilities (Refer to Note 2.9)	10,270,313	–	–	–	10,270,313

2.18 Related party transactions

(a) List of related parties:

Name of subsidiaries	Country	Holding as at March 31,	
		2020	2019
Holding			
Infosys Limited	India	Holding Company	Holding Company
Name of subsidiaries			
Infosys Canada Public Services Inc. [19]	Canada	100%	100%

Fellow subsidiaries

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)[25]	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	US
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)	US
Infosys Chile SpA	Chile
Infosys Arabia Limited[2]	Saudi Arabia

Name of fellow subsidiaries	Country
Infosys Consulting Ltda.[1]	Brazil
Infosys CIS LLC[1] [18] [26]	Russia
Infosys Luxembourg S.a.r.l [1] [13]	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)[3]	Australia
Infosys BPM Limited	India
Infosys (Czech Republic) Limited s.r.o.[4]	Czech Republic
Infosys Poland Sp z.o.o[4]	Poland
Infosys McCamish Systems LLC [4]	US
Portland Group Pty Ltd[4]	Australia
Infosys BPO Americas LLC.[4]	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc.[5] [11]	US
Infosys Management Consulting Pty Limited[5]	Australia
Infosys Consulting AG[5]	Switzerland
Infosys Consulting GmbH[5]	Germany
Infosys Consulting S.R.L.[1]	Romania
Infosys Consulting SAS[5]	France
Infosys Consulting s.r.o.[5]	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd. (formerly Lodestone Management Consultants Co., Ltd)[5]	China
Infy Consulting Company Ltd[5]	UK
Infy Consulting B.V.[5]	The Netherlands
Infosys Consulting Sp. z.o.o[32]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda.[5]	Portugal
Infosys Consulting S.R.L.[5]	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)[6]	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd.[7]	Israel
Panaya GmbH[7]	Germany
Panaya Japan Co. Ltd[7][31]	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited[8]	UK
Brilliant Basics (MENA) DMCC[8] [26]	UAE
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[9]	UAE
Fluido Oy[9] [14]	Finland
Fluido Sweden AB (Extero)[15]	Sweden
Fluido Norway A/S[15]	Norway
Fluido Denmark A/S[15]	Denmark
Fluido Slovakia s.r.o[15]	Slovakia
Fluido Newco AB[15]	Sweden
Infosys Compaz Pte. Ltd (formerly Trusted Source Pte. Ltd)[16]	Singapore
Infosys South Africa (Pty) Ltd[9] [17]	South Africa
WongDoody Holding Company Inc. (WongDoody)[10]	US
WDW Communications, Inc[12]	US
WongDoody, Inc[12]	US
HIPUS Co., Ltd (formerly Hitachi Procurement Service Co. Ltd.)[20]	Japan
Stater N.V..[21]	The Netherlands
Stater Nederland B.V.[22]	The Netherlands
Stater Duitsland B.V.[22]	The Netherlands
Stater XXL B.V.[22]	The Netherlands
HypoCasso B.V.[22]	The Netherlands
Stater Participations B.V.[22]	The Netherlands
Stater Deutschland Verwaltungs-GmbH[23]	Germany
Stater Deutschland GmbH & Co. KG[23]	Germany
Stater Belgium N.V./S.A.[24]	Belgium
Outbox systems Inc. dba Simplus (US)[27]	US
Simplus North America Inc.[28]	Canada

Name of fellow subsidiaries	Country
Simplus ANZ Pty Ltd.[28]	Australia
Simplus Australia Pty Ltd[30]	Australia
Sqware Peg Digital Pty Ltd[30]	Australia
Simplus Philippines, Inc.[28]	Philippines
Simplus Europe, Ltd.[28]	UK
Simplus UK, Ltd.[29]	UK
Simplus Ireland, Ltd.[29]	Ireland

(1) Wholly-owned subsidiary of Infosys Limited
(2) Majority-owned and controlled subsidiary of Infosys Limited
(3) Liquidated effective November 17, 2019
(4) Wholly-owned subsidiary of Infosys BPM Limited
(5) Wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Wholly-owned subsidiary of Panaya Inc
(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(9) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(10) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
(11) Liquidated effective May 4, 2018
(12) Wholly-owned subsidiary of WongDoody
(13) Incorporated effective August 6, 2018
(14) On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
(15) Wholly-owned subsidiary of Fluido Oy
(16) On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
(17) Incorporated effective December 19, 2018
(18) Incorporated effective November 29, 2018
(19) Incorporated effective November 27, 2018.
(20) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd, Japan
(21) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V.
(22) Majority-owned and controlled subsidiary of Stater N.V.
(23) Majority-owned and controlled subsidiary of Stater Duitsland B.V.
(24) Majority-owned and controlled subsidiary of Stater Participations B.V.
(25) Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly-owned subsidiary of Infosys Limited
(26) Under Liquidation
(27) On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.
(28) Wholly-owned subsidiary of Outbox Systems Inc.
(29) Wholly-owned subsidiary of Simplus Europe, Ltd.
(30) Wholly-owned subsidiary of Simplus ANZ Pty Ltd.
(31) Liquidated effective October 31, 2019
(32) On February 20, 2020, Infosys Poland Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG (formerly Lodestone Holding AG).

(b) The details of amounts due to or due from as at March 31, 2020 and March 31, 2019 are as follows:

in US$

Particulars	As at March 31,	
	2020	2019
Trade receivables		
Infosys Limited	381,133	621,363
	381,133	621,363
Trade payables		
Infosys Limited	9,102,739	8,267,459
Infosys BPM	100,729	173,909
EdgeVerve	–	62,512
Infosys China	5,818	7,099
	9,209,287	8,510,979
Other financial assets		
EdgeVerve	–	51,475
Infosys Limited	16,501	10,662
	16,501	62,136

Particulars	As at March 31,	
	2020	2019
Other financial liabilities		
Panaya Inc.	66,284	–
Infosys Limited	115,240	489,003
EdgeVerve	9,269	–
	190,792	489,003
Loans		
Brilliant Basics	–	1,000,000
BPO Americas	–	500,000
Infosys Middle East FZ - LLC	–	1,500,000
Kallidus Inc.	13,000,000	7,500,000
Panaya Inc.	10,000,000	4,000,000
Infosys Austria	–	500,000
Outbox System Inc.	2,000,000	–
	25,000,000	15,000,000
Accrued Interest on Loan to Fellow Subsidiaries		
Brilliant Basics	–	4,041
BPO Americas	–	13,596
Infosys Middle East FZ - LLC	–	9,247
Kallidus Inc.	521,442	147,288
Panaya Inc.	299,134	38,493
Infosys Austria	–	6,568
Outbox System Inc.	198	–
	820,774	219,233

(c) The details of the related party transactions entered into by the Company for the year ended Mar 31, 2020 and March 31, 2019 are as follows:

In US$

Particulars	Year ended March 31,	
	2020	2019
Revenue transactions:		
Sale of services		
Infosys Limited	3,760,470	3,660,697
	3,760,470	3,660,697
Purchase of services		
Infosys Limited	105,375,793	109,382,815
Infosys BPM	1,984,399	2,848,255
EdgeVerve	294,966	182,577
Panaya	100,190	58,481
Infosys China	77,827	115,720
Infosys Shanghai	–	33,056
	107,833,175	112,620,904

In US$

Particulars	Year ended March 31,	
	2020	2019
Capital transaction		
Loans given / (refund)		
BPO Americas	(500,000)	–
McCamish Systems	–	(5,500,000)
Kallidus Inc.	5,500,000	7,500,000
Panaya Inc.	6,000,000	4,000,000
Brilliant Basics	(1,000,000)	–
Infosys Middle East FZ - LLC	(1,500,000)	–
Infosys Austria	(500,000)	500,000
Outbox System Inc.	2,000,000	–
	10,000,000	6,500,000

Particulars	Year ended March 31,	
	2020	2019
Interest income on loan		
McCamish Systems	–	108,493
Brilliant Basics	10,000	25,000
BPO Americas	4,329	12,500
Infosys Middle East FZ - LLC	19,233	37,500
Kallidus Inc.	374,154	147,288
Panaya Inc.	260,641	38,493
Infosys Austria	11,549	6,568
Outbox System Inc.	198	–
	680,104	375,842

List of key management personnel

Name of the related party	Designation
Eric Paternoster	Whole-time Director and Chief Executive Officer
Ravikumar Singisetti	Director

Transaction with key management personnel

The table below describes the compensation to key managerial personnel which comprise directors.

In US$

Particulars	Year ended March 31,	
	2020	2019
Salaries and other employee benefits to whole-time directors and executive officers	1,191,221	1,093,217
Commission and other benefits to non-executive / independent directors	–	–
Total	1,191,221	1,093,217

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Infy Consulting Company Limited

Strategic Report

The directors present their strategic report for the year ended December 31, 2019.

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 directors.

The total turnover increased from £41,329,311 in the year ended December 31, 2018 to £49,760,235 in the year under review. Pre-tax profits have increased from £3,139,662 to £4,045,468 in 2019. A dividend of £2.6 million (2018: £2.2 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 management who strive for continuous improvement.

As at December 2019, the Company had net assets of £4,072,255 (2018: £2,875,431). The Company's cash at bank balance as at December 31, 2019 was £7,174,350 (2018: £6,123,098).

The directors view 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, 2020 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 directors are committed to promoting the health, safety and welfare of the staff at the Company's premises.

The directors are 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.

Given the current COVID-19 ("coronavirus") outbreak, the future economic outlook remains uncertain. Local and group management are monitoring the situation and are developing contingency plans to mitigate the impact on the Company where possible.

Liquidity risk

The directors monitor 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 directors are aware of the foreign currency risks. The directors monitor these risks on a regular basis.

Brexit risk

The Company is exploring potential exposure and will communicate risk to clients proactively for affected programs for UK staff in EU and vice versa. They will proactively review existing agreements for impact of removing key onsite resources at short notice.

The report was approved by the board and signed on its behalf by:

A Duncan
Director

March 3, 2020

Directors' Report

The directors present their report and the financial statements for the year ended December 31, 2019.

Results and dividends

The profit for the year, after taxation, amounted to £3,796,824(2018: £2,595,236).

A dividend of £2,600,000 (2018: £2,200,000) was declared and paid in the financial year.

Directors

The directors who served during the year were:

SP Kingston (resigned December 31, 2019)

MG Livingston (appointed June 6, 2019)

A Duncan (appointed November 11, 2019)

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 s414c (11) of the Companies Act 2006, the directors have elected to disclose information, required to be in the directors' 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

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 auditors are 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 auditors are aware of that information.

Approved by the board and signed on its behalf.

A Duncan
Director

March 3, 2020

Directors' Responsibilities

The directors are responsible for preparing the strategic report, 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 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 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;
- 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 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 Auditors’ Report

To the members, as a body, of Infosys Consulting Company Limited

Opinion

We have audited the financial statements of Infosys Consulting Company Limited (the ‘company’) for the year ended December 31, 2019, which comprise 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, 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 authorized for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors’ report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors’ 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 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 5, 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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

Christopher Shepherd (senior statutory auditor) for and on behalf of

Blick Rothenberg Audit LLP

Chartered Accountants Statutory Auditor

16 Great Queen Street Covent Garden London

WC2B 5AH

Date: April 28, 2020

Profit and Loss Account

In £

	Note	2019	2018
Turnover	3	49,760,235	41,329,311
Cost of sales		(43,954,332)	(36,788,389)
Gross profit		5,805,903	4,540,922
Administrative expenses		(2,073,120)	(2,097,210)
Other operating income		284,365	580,309
Operating profit	4	4,017,148	3,024,021
Interest receivable and similar income	7	28,720	115,641
Interest payable and similar expenses	8	(400)	-
Profit before taxation		4,045,468	3,139,662
Tax on profit	9	(248,644)	(544,426)
Profit for the financial year		3,796,824	2,595,236

Balance Sheet

In £

Particulars	Note	As at December 31,			
			2019		2018
Fixed assets					
Tangible assets	11		64,973		19,283
Current assets					
Debtors: amounts falling due within one year	12	11,678,838		10,399,339	
Cash at bank and in hand		7,174,350		6,123,098	
		18,853,188		16,522,437	
Creditors: amounts falling due within one year	13	(14,845,906)		(13,666,289)	
Net current assets			4,007,282		2,856,148
Net assets			4,072,255		2,875,431
Capital and reserves					
Called up share capital	15		50,000		50,000
Profit and loss account	16		4,022,255		2,825,431
Total equity			4,072,255		2,875,431

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

A. Duncan
Director

London

March 3, 2020

Statement of Changes in Equity

In £

Particulars	Called up share capital	Profit and loss account	Total equity
At 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
Contributions by and distributions to owners	–		
Dividends: Equity capital -	–	(2,200,000)	(2,200,000)
Total transactions with owners -	–	(2,200,000)	(2,200,000)
At December 31, 2018 and January 1, 2019	50,000	2,825,431	2,875,431
Comprehensive income for the financial year			
Profit for the financial year -	–	3,796,824	3,796,824
Total comprehensive income for the year -	–	3,796,824	3,796,824
Contributions by and distributions to owners	–		
Dividends: Equity capital -	–	(2,600,000)	(2,600,000)
Total transactions with owners -	–	(2,600,000)	(2,600,000)
At December 31, 2019	50,000	4,022,255	4,072,255

The notes on pages 140 to 145 form part of these financial statements.

1 General information

Infosys Consulting Company Limited provides management consultancy services.

The Company is a private company limited by shares and is incorporated in England and Wales. 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 Pound Sterling (£).

2 Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland ('FRS102') and the Companies Act 2006.

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

- Section 3 Financial Statement Presentation paragraph 3.17(d) (inclusion of statement of cash flows);
- Section 7 Statement of Cash Flows (inclusion of statement of cash flows);
- Section 11 Financial Instruments paragraphs 11.41, 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, 2020 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 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognized:

Rendering of services

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

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

2.4 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 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 set out below.

Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, intercompany working capital balances and intercompany financing, are initially recognized at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a 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 intercompany working capital balances, 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.

2.8 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 Pound Sterling (£).

Transactions and balances

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

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

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

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

2.11 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	2019	2018
United Kingdom	1,011,346	96,317
Rest of Europe	914,361	992,556
Rest of the world	47,834,528	40,240,438
	49,760,235	41,329,311

4. Operating profit

The operating profit is stated after charging:

In £

Particulars	2019	2018
Depreciation of tangible fixed assets	30,511	36,904
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	17,900	17,000
Fees payable to the company's auditor and its associates for other services to the company	2,295	1,525
Exchange differences	23,182	23,969

5. Employees

Staff costs, including directors' remuneration, were as follows

In £

Particulars	2019	2018
Wages and salaries	24,035,504	22,917,593
Social security costs	3,086,363	3,251,061
Cost of defined contribution scheme		
	1,023,526	969,321
	28,145,393	27,137,975

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

In numbers

Particulars	2019	2018
Consultants	215	205
Management	11	11
	226	216

6. Directors' remuneration

In £

Particulars	2019	2018
Directors' emoluments	442,633	420,414
The highest paid director received remuneration of £442,633 (2018 -£420,414).		

7. Interest receivable

In £

Particulars	2019	2018
Interest receivable from group companies		
	28,720	115,641

8. Interest payable and similar expenses

In £

	2019	2018
Other interest payable	400	-

9. Taxation

In £

	2019	2018
Corporation tax		
Current tax on profit for the financial year	803,802	680,461
Adjustments in respect of previous periods	(535,199)	(139,011)
Total current tax	268,603	541,450
Deferred tax		
Origination and reversal of timing differences	(19,959)	2,976
Total deferred tax	(19,959)	2,976
Tax on profit	248,644	544,426

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 -lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

In £

Particulars	2019	2018
Profit before tax	4,045,468	3,139,662
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	768,639	596,536
Effects of:		
Expenses not deductible for tax purposes	15,204	15,396
Capital allowances for year in excess of depreciation	(23,239)	(4,630)
Adjustments to tax charge in respect of prior periods	(535,199)	(139,011)
Other timing differences leading to an increase in taxation	23,239	76,135
Total tax charge for the financial year	248,644	544,426

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. 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 £

	2019	2018
Dividends declared and paid	2,600,000	2,200,000

11. Tangible fixed assets

Computer equipment

In £

Particulars	2019
Cost	
At January 1, 2019	400,907
Additions	77,206
Disposals	(1,268)
At December 31, 2019	476,845
Depreciation	
At January 1, 2019	381,624
Charge for the year	30,511
Disposals	(263)
At December 31, 2019	411,872
Net book value	
At December 31, 2019	64,973
At December 31, 2018	19,283

12. Debtors

In £

Particulars	2019	2018
Trade debtors	331,431	34,308
Amounts owed by group undertakings	10,487,432	9,595,042
Other debtors	8,387	100,304
Prepayments and accrued income	254,830	158,377
Tax recoverable	534,709	469,217
Deferred taxation	62,049	42,091
	11,678,838	10,399,339

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	2019	2018
Trade creditors	602,857	1,129,816
Amounts owed to group undertakings	6,346,897	5,330,927
Corporation tax	423,005	829,548
Taxation and social insurance	1,662,587	1,534,252
Other creditors	469,111	151,926
Accruals and deferred income	5,341,449	4,689,820
	14,845,906	13,666,289

Amounts owed to group undertakings are interest free, have no fixed repayment date and are repayable on demand.

14. Deferred taxation

In £

	2019
At beginning of year	42,091
Charged to profit or loss	19,958
At end of year	62,049

The deferred tax asset is made up as follows:

In £

	2019	2018
Accelerated capital allowances	29,006	32,286
Other timing differences	33,043	9,805
	62,049	42,091

Allotted, called up and fully paid

In £

	2019	2018
50,000 (2018:50,000) 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.

15. Reserves

Profit and loss account

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

16. 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.

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 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.

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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 31 December 2019, the Statement of Income, the Statement of Cash Flow, 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 31 December 2019, 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 skepticism 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

21 May 2020

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

	Note VIII	As at December 31,	
		2019	2018
ASSETS			
Current assets			
Cash and bank balances	1	29,112,402.41	74,259,889.67
Accounts receivable	2	293,629,386.14	233,068,983.43
Prepayments		3,023,652.84	4,429,168.54
Other receivables	3	62,054,363.30	62,873,945.42
Other current assets		239,279.22	5,164,474.16
Total current assets		388,059,083.91	379,796,461.22
Non-current assets			
Fixed assets	4	3,498,864.77	6,974,601.62
Construction in progress	5	39,380.53	–
Long-term deferred expenses	6	190,460.95	131,562.18
Total non-current assets		3,728,706.25	7,106,163.80
TOTAL ASSETS		391,787,790.16	386,902,625.02
LIABILITIES AND OWNERS' EQUITY			
Current liabilities			
Short-term loans	7	74,645,340.00	73,397,319.66
Accounts payable		64,214,824.86	65,295,786.37
Employee benefits payable	8	24,627,593.81	29,137,238.94
Taxes payable	9	3,029,187.13	2,668,415.74
Other payables		30,175,627.64	28,544,288.18
Other current liabilities		43,371,052.36	38,183,123.83
Total current liabilities		240,063,625.80	237,226,172.72
Total liabilities		240,063,625.80	237,226,172.72
Owners' equity			
Paid in capital	10	398,980,400.00	398,980,400.00
Capital reserve	11	51,575,614.42	51,575,614.42
Accumulated losses		(298,831,850.06)	(300,879,562.12)
Total owners' equity		151,724,164.36	149,676,452.30
TOTAL LIABILITIES AND OWNERS' EQUITY		391,787,790.16	386,902,625.02

The accompanying notes form part of the financial statements.

Stone Zhu
Legal representative

Subrata Das
Head of Accounting Department

Statement of Income

In RMB

Particulars	Note VIII	For the year ended December 31,	
		2019	2018
I.Operating income	12	720,350,028.47	724,792,740.78
Less: Operating costs		646,552,845.09	659,612,655.38
Taxes and surcharges		120,000.13	215,597.00
Selling expenses		11,918,993.74	18,762,108.47
Administrative expenses		61,278,866.10	54,914,778.63
Financial expenses	13	3,898,722.09	6,313,939.92
Add: Other income	14	3,836,289.87	11,409,404.20
Impairment losses of assets	15	1,526,280.38	1,345,863.18
Impairment losses on disposal of assets		104,540.49	(1,159,943.98)
II.Operating Income (loss)		2,047,712.06	(3,431,015.22)
III. Total Income (loss)		2,047,712.06	(3,431,015.22)
Less: Income tax expense	16	–	–
IV.Net profit (loss) for the year		2,047,712.06	(3,431,015.22)
V.Other comprehensive loss, net of tax		–	–
VI.Total comprehensive income (loss) for the year		2,047,712.06	(3,431,015.22)

The accompanying notes form part of the financial statements

Statement of Cash Flows

In RMB

	Particulars	Note VIII	For the year ended December 31,	
			2019	2018
I.	Cash Flows from Operating Activities			
	Cash receipts from the sale of goods and the rendering of services		688,722,218.77	778,797,778.78
	Receipts of tax refunds		118,589.24	384,121.99
	Proceeds from other operating activities		8,162,600.14	16,252,205.79
	Sub-total of cash inflows from operating activities		697,003,408.15	795,434,106.56
	Payments for goods purchased and services received		394,687,608.28	364,224,677.07
	Payments to and on behalf of employees		305,142,871.75	389,033,327.70
	Payments of various types of taxes		4,107,767.42	10,028,645.48
	Other cash payments relating to operating activities		37,651,231.22	52,632,736.23
	Sub-total of cash outflows from operating activities		741,589,478.67	815,919,386.48
	Net Cash Flow used in Operating Activities	18	(44,586,070.52)	(20,485,279.92)
II.	Cash Flows from Investing Activities			
	Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		104,540.49	36,500.00
	Sub-total of cash inflows from investing activities		104,540.49	36,500.00
	Payments for acquisition of fixed assets and other long-term deferred expenses		868,150.81	2,836,044.68
	Sub-total of cash outflows from investing activities		868,150.81	2,836,044.68
	Net Cash Flow used in Investing Activities		(763,610.32)	(2,799,544.68)
III .	Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		202,193.58	838,729.85
IV .	Net Increase in Cash and Cash Equivalents	18	(45,147,487.26)	(22,446,094.75)
	Add: Opening balance of Cash and Cash Equivalents		74,259,889.67	96,705,984.42
V .	Closing Balance of Cash and Cash Equivalents	18	29,112,402.41	74,259,889.67

The accompanying notes form part of the financial statements.

Statement of Changes in Owner's Equity

In RMB

Particulars	Paid-in capital	Capital reserve	Accumulated losses	Total owners' equity
I. Balance at 1 January 2019	398,980,400.00	51,575,614.42	(300,879,562.12)	149,676,452.30
II.Changes in equity during the year				
(1) Total comprehensive income	–	–	2,047,712.06	2,047,712.06
III.Balance at 31 December 2019	398,980,400.00	51,575,614.42	(298,831,850.06)	151,724,164.36
I. Balance at 1 January 2018	398,980,400.00	51,575,614.42	(297,448,546.90)	153,107,467.52
II.Changes in equity during the year				
(1) Total comprehensive income	–	–	(3,431,015.22)	(3,431,015.22)
III.Balance at 31 December 2018	398,980,400.00	51,575,614.42	(300,879,562.12)	149,676,452.30

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 USD 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 USD 5,000,000 to USD 10,000,000. The Company obtained a revised approval certificate Wai Jing Mao Hu Zhang Du Zi Zi (2003) No.2893 and a revised business licence (Qi Du Hu Pu Zong Zi No.317745 (Pudong)) on July 14, 2006 and December 14, 2006, respectively.

The Company's Board of Directors resolved to increase the Company's registered capital by USD 13,000,000. The registered capital was increased from USD 10,000,000 to USD 23,000,000. The Company obtained approval from the Shanghai Municipal Government for the change on 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 USD 23,000,000 to USD 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 USD 33,000,000 to USD 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 assessed the Company's ability to continue as a going concern for the 12 months commencing from 31 December 2019, 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 31 December 2019, 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 1 January to 31 December.

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 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 group 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.

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	Useful life	Estimated net residual value rate	Annual depreciation rate
Electronic equipment	1-5 years	0%	20%-100%
Office equipment	1-5 years	0%	20%-100%
Transport equipment	5 years	0%	20%

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

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

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

7. Construction in progress

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

8. Long-term deferred expenses

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

9. Impairment of non-financial assets

The Company reviews the fixed assets 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

11.1. Income from rendering of services

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.

A government grant related to an asset is recognized as deferred income and included in profit or loss over the useful life of the related asset.

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 income tax and deferred income tax.

13.1. Current income taxes

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

13.2. Deferred tax assets and deferred tax liabilities

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

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

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

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

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

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

13.3. Income tax offsetting

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

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

14. Transactions denominated in foreign currencies

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

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

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

15. Leases

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

15.1 The Company as lessee under operating leases

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

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

In the application of the Company's accounting policies, which are described in Note IV, the Company is required to make judgments, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainty of the operating activities. These judgments, 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 judgments, 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 248,592,741.01 of deductible losses as deferred tax assets at the end of this year according to Note VIII. 16.

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. Changes in accounting policy

The Group started adopting the Notice of the Revised Format of 2019 Financial Statements for General Business Enterprise (Cai Kuai (2019) No. 6, hereinafter referred to as the "Cai Kuai No.6 Document") released by the MoF on 30 April 2019 since the preparation of financial statements for the year of 2019. Cai Kuai No.6 Document revised the presenting accounts in the Balance Sheet and income statement, split "Notes and Accounts Receivable" into "Notes receivable" and "Accounts receivable", and split "Notes and Accounts Payable" into "Notes payable" and "Accounts payable", specified or revised the presenting contents of "Non-current assets due within one year" "Deferred income", "Other equity instruments", "Research and Development Expenditure", "Interest Income" "Other Income", and "Income from disposal of assets", under "Financial expenses", "Non-operating income" and "Non-operating income" and adjusted the presenting location of " Loss from impairment of assets", and specified presenting content of the line item of "capital contribution from other equity holder. The Company has accounted for the above changes in presenting accounts retrospectively, and adjusted comparable data for prior year.

VII. Taxation

Value-added tax

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

Based on the zero VAT rate policy, the oversea revenue of the Company 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 2018: 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 obtains the certificate of advanced technology service enterprise on December 16, 2019, and the Company is entitiled to tax rate of 15% in 2019. The accumulated tax loss of the Company on December 31, 2019 has not been fully deducted, therefore, the income tax of this year has not been accrued.

Other taxes

Urban maintenance and construction tax is levied at 1% of the VAT actually paid.

Educational surcharge is levied at 3% of the VAT actually paid.

Local educational tax is levied at 2% of the VAT actually paid.

VIII. Notes to the financial statements

1. Cash and bank balances

In RMB

Particulars	As at December 31,	
	2019	2018
Deposits with banks	29,112,402.41	74,259,889.67

2. Accounts receivable

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

In RMB

Particulars	As at December 31,	
	2019	2018
Amounts due from related parties	55,516,595.40	48,971,949.97
Amounts due from other customers	252,442,043.34	200,125,026.82
Sub-total	307,958,638.74	249,096,976.79
Less: Bad debt provision	(14,329,252.60)	(16,027,993.36)
Total	293,629,386.14	233,068,983.43

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

In RMB

Aging	As at December 31,							
	2019				2018			
	Amount	Ratio	Bad debt provision	Book value	Amount	Ratio	Bad debt provision	Book value
Within 1 year	262,352,798.74	85.19	(2,213,259.05)	260,139,539.69	231,488,731.18	92.92	(447,785.79)	231,040,945.39
1 to 2 years	31,494,958.95	10.23	(121,224.54)	31,373,734.41	14,386,491.32	5.78	-12,358,453.28	2,028,038.04
2 to 3 years	13,025,888.46	4.23	(10,909,776.42)	2,116,112.04	193,919.89	0.08	(193,919.89)	–
More than 3 years	1,084,992.59	0.35	(1,084,992.59)	–	3,027,834.40	1.22	(3,027,834.40)	–
Total	307,958,638.74	100	(14,329,252.60)	293,629,386.14	249,096,976.79	100	(16,027,993.36)	233,068,983.43

(3)The analysis of the movements of bad debt provision for accounts receivable is as follows:

In RMB

Particulars	As at December 31,	
	2019	2018
Opening balance	16,027,993.36	21,561,322.81
Provision during the year	14,525,405.94	16,027,993.36
Reversals during the year	(16,051,686.32)	(17,373,856.54)
Written-off during the year	–	(4,709,836.00)
Exchange difference	(172,460.38)	522,369.73
Closing balance	14,329,252.60	16,027,993.36

3. Other receivables

The ageing analysis of other receivables is as follows:

In RMB

Aging	As at December 31,							
	2019				2018			
	Amount	Ratio	Bad debt provision	Book value	Amount	Ratio	Bad debt provision	Book value
Within 1 year	4,553,198.56	7.34	–	4,553,198.56	57,093,290.44	90.81	–	57,093,290.44
1 to 2 years	54,498,958.91	87.82	–	54,498,958.91	687,171.46	1.09	–	687,171.46
2- 3 years	494,078.72	0.8	–	494,078.72	690,300.00	1.1	–	690,300.00
More than 3 years	2,508,127.11	4.04	–	2,508,127.11	4,403,183.52	7	–	4,403,183.52
Total	62,054,363.30	100	–	62,054,363.30	62,873,945.42	100	–	62,873,945.42

Note:

Other receivables due within 1 year include loans of RMB 50,000,000.00 to Infosys Technologies (Shanghai) Co. Limited in 2017, out of which RMB 15,000,000.00 was originally due on 11 May 2018 and then was extended until the lender requires repayment, and RMB 35,000,000.00 was originally due on 27 July 2018 and then was extended until the lender requires repayment. As at the Balance Sheet date, RMB 7,490,958.91 of interest income has been recognized. For more details please refer to Notes IX. (3)(b)(c).

Other receivables due over 3 years are lease deposits.

4. Fixed assets

In RMB

	Electronic equipment	Office equipment	Transport equipment	Total
Cost				
January 1, 2019	99,554,251.74	50,231,900.84	248,000.00	150,034,152.58
Additions during the year	392,317.94	84,832.13	–	477,150.07
Decrease	(9,432,549.36)	(7,273,958.77)	(248,000.00)	(16,954,508.13)
Balance at 31 December 2019	90,514,020.32	43,042,774.20	–	133,556,794.52
Accumulated depreciation				
January 1, 2019	(93,591,728.98)	(49,219,821.98)	(248,000.00)	(143,059,550.96)
Charge for the year	(3,528,723.73)	(424,163.19)	–	(3,952,886.92)
Decrease	9,432,549.36	7,273,958.77	248,000.00	16,954,508.13
Balance at 31 December 2019	(87,687,903.35)	(42,370,026.40)	–	(130,057,929.75)
Carrying amounts				
December 31, 2019	2,826,116.97	672,747.80	–	3,498,864.77
December 31, 2018	5,962,522.76	1,012,078.86	–	6,974,601.62

5. Construction in progress

In RMB

Balance at 1 January 2018 and 31 December 2018	–
Additions during the year	1,675,994.85
Transfer to fixed assets	(477,150.07)
Other transfer out	(1,159,464.25)
Balance at 31 December 2019	39,380.53

6. Long-term deferred expenses

In RMB

Particulars	As at December 31,	
	2019	2018
Leasehold improvement	190,460.95	131,562.18

7. Short-term loans

In RMB

Particulars	As at December 31,	
	2019	2018
Unsecured loans	74,645,340.00	73,397,319.66

Short-term loans include a loan from Infosys Limited for the purposes of business operation. The principal of the loan is USD 10,000,000.00 (equivalent to RMB 69,762,000.00), bearing interest per annum at 6.00%. The term of loan was 1 year. The loan was subsequently extended to February 2020.

Another short-term loan is from Infosys Poland Sp. z o.o. for the purpose of business operation. The principal of the loan is USD 700,000.00 (equivalent to RMB 4,883,340.00), bearing interest per annum at 3.50%. The loan was subsequently extended to 29 December 2020.

8. Employee benefits payable

In RMB

Item	1/1/2019	Provision for the year	Provision for the year	31/12/2019
Wages or salaries, bonus, allowances, subsidies	29,137,238.94	237,228,626.98	(241,738,272.11)	24,627,593.81
Social security contributions	–	19,352,236.11	(19,352,236.11)	–
Including: Medical insurance	–	16,120,746.44	(16,120,746.44)	–
Unemployment insurance	–	860,401.73	(860,401.73)	–
Maternity and work injury insurance	–	2,371,087.94	(2,371,087.94)	–
Defined contribution plans (Note)	–	27,291,304.31	(27,291,304.31)	–
Housing funds	–	16,761,059.22	(16,761,059.22)	–
Total	29,137,238.94	300,633,226.62	(305,142,871.75)	24,627,593.81

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 16%, 14%, 16% and 16%, in Shanghai, Hangzhou, Beijing 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.

9. Taxes payable

In RMB

Category	As at December 31,	
	2019	2018
Individual income tax	572,084.22	881,868.94
Withholding income tax and VAT	2,457,102.91	1,786,546.80
Total	3,029,187.13	2,668,415.74

10. Paid in capital

The registered capital of the Company is USD 58,000,000.00 which has been in place as at 31 December 2019. The contribution by the investor according to the Articles of Association is as follows:

	As at December 31,					
	2019			2018		
	USD	Ratio %	Equivalent to RMB	USD	Ratio %	Equivalent to RMB
Infosys Limited	58,000,000.00	100	398,980,400.00	58,000,000.00	100	398,980,400.00

11. Capital reserve

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

12. Operating income

In RMB

Particulars	Year ended December 31,	
	2019	2018
Income from principal activities		
Rendering of services	720,350,028.47	724,792,740.78
Total	720,350,028.47	724,792,740.78

13. Financial expenses

In RMB

Particulars	Year ended December 31,	
	2019	2018
Interest expenses	4,616,866.84	4,699,611.57
Interest income	(3,506,728.15)	(3,976,873.01)
Exchange gains (losses)	2,788,583.40	5,591,201.36
Total	3,898,722.09	6,313,939.92

14. Other income

In RMB

Particulars	Year ended December 31,	
	2019	2018
Government grants (Note 1)	3,836,289.87	11,409,404.20
Total	3,836,289.87	11,409,404.20

(1) Government grants

In RMB

Particulars	Year ended December 31,	
	2019	2018
Income tax service charges refund	351,490.84	384,122.00
Government grant for training	128,100.00	68,000.00
Subsidy on import and export contract	1,070,000.00	1,600,000.00
Support fund	–	8,730,000.00
Subsidy on job stabilization	160,915.43	627,282.20
Financial Subsidy	1,270,000.00	–
10% additional deduction of VAT in of Service Industry	775,916.36	–
Subsidy for disabled employment	70,805.69	–
Others	9,061.55	–
Total	3,836,289.87	11,409,404.20

15. Impairment Losses of assets

In RMB

Particulars	Year ended December 31,	
	2019	2018
Bad debt losses	1,526,280.38	1,345,863.18

16. Income tax expense

Particulars	Year ended December 31,	
	2019	2018
Current income tax expenses	–	–
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 31 December 2019 amounting to RMB 248,592,741.01 is not recognized. Among the accumulated deductible losses, RMB 41,463,934.32, RMB 54,149,412.24, RMB 135,839,954.14 and RMB 17,139,440.31 will expire in 2020, 2021, 2022 and 2023 respectively.

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

In RMB

Particulars	Year ended December 31,	
	2019	2018
Accounting losses	2,047,712.06	(3,431,015.22)
Expected income tax expense at tax rate of 15%	307,156.81	(514,652.28)
Tax effect of non-deductible expenses	282,287.22	269,900.38
Unused deductible loss	–	4,297,647.31
Temporary differences for deferred tax assets not recognized	394,769.33	(4,052,895.41)
Tax effect of using unrecognized deductible loss and deductible temporary difference in previous years	(984,213.36)	–
Income tax expense	–	–

17. Supplement to statement of income

Expenses in the income statement are analyzed by their nature:

In RMB

Particulars	Year ended December 31,	
	2019	2018
Employee benefits expenses	312,660,047.11	378,610,722.14
Depreciation and amortization expenses	5,053,452.40	7,265,864.71
Rental payments	11,297,922.98	19,244,133.45
Financial expense	3,898,722.09	6,313,939.92
Other expenses	390,739,282.44	328,198,499.98
Total expenses	723,649,427.02	739,633,160.20

18. Supplement to cash flow statement

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

In RMB:

Particulars	Year ended December 31,	
	2019	2018
Net loss	2,047,712.06	(3,431,015.22)
Add: (Reverse) Provisions on bad debt	(1,526,280.38)	(1,345,863.18)
Depreciation of fixed assets	3,952,886.92	6,356,484.15
Amortization of long-term deferred expenses	292,721.44	909,380.56
Financial expenses	5,662,693.60	7,342,261.38
Losses (Income) on disposal of fixed assets	(104,540.49)	1,159,943.98
Decrease (Increase) in operating receivables	(56,809,024.51)	33,466,856.30
Increase (Decrease) in operating payables	1,897,760.84	(64,943,327.89)
Net cash flow from operating activities	(44,586,070.52)	(20,485,279.92)

(2) Net change in cash and cash equivalents

Particulars	As at December 31,	
	2019	2018
Cash and cash equivalents at the end of the year	29,112,402.41	74,259,889.67
Less: Cash and cash equivalents at the beginning of the year	74,259,889.67	96,705,984.42
Net increase / (decrease) in cash and cash equivalents	(45,147,487.26)	(22,446,094.75)

IX. Related party relationships and transactions

(1) Information about the parent company of the Company is as follows:

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

(2) The following are other related parties which have transactions with the Company while no control relationship exists:

Name	Relationship with the 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
Infosys Consulting (Shanghai) Co,ltd (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

The details of sales and purchases between the Company and its related parties are as

In RMB

	2019	2018
Sales		
Infosys Limited	78,102,076.69	78,859,975.44
Infosys Technologies (Shanghai) Co. Limited	13,011,438.85	26,133,524.62
Infosys BPM Limited	1,573,469.63	–
Infosys Public Services Inc	563,218.53	891,030.77
Panaya Ltd	–	613,634.36
Infosys Technologies S.De.R.L	–	3,386,346.65
	93,250,203.70	109,884,511.84
Purchases		
Infosys Technologies (Shanghai) Co. Limited	294,232,291.79	229,878,613.01
Infosys Limited	24,354,244.60	29,152,894.25
Panaya Ltd	1,017,143.02	1,931,666.09
Infosys BPM Limited	394,527.68	385,841.44
Infosys Consulting (Shanghai) Co,ltd (Lodostone Management Consultants (China) Co. Ltd)	370,984.94	1,747,994.84
EdgeVerve Systems Limited	5,634.75	1,405,831.20
Infosys Consulting AG	–	7,489.14
	320,374,826.78	264,510,329.97

(b) Loans and borrowings

The details of loans and borrowings between the Company and related parties are as follows:

In RMB

	Incurred amount in 2019	As at 31 December 2019	Incurred amount in 2018	As at 31 December 2018	Annual interest rate
Borrowings from					
Infosys Limited	–	69,762,000.00	–	68,632,000.00	6.00%
Infosys Poland Sp. z o.o.	–	4,883,340.00	–	4,765,319.66	3.50%
	–	74,645,340.00	–	73,397,319.66	
Lends to					
Infosys Technologies (Shanghai) Co. Limited	–	15,000,000.00	–	15,000,000.00	6.00%
Infosys Technologies (Shanghai) Co. Limited	–	35,000,000.00	–	35,000,000.00	6.00%
	–	50,000,000.00	–	50,000,000.00	

Note: The Company lent RMB 50,000,000.00 to Infosys Technologies (Shanghai) Co. Limited in 2017 in total bearing interest at 6% per annum. RMB 15,000,000.00 and RMB 35,000,000.00 will fall due in May and July 2018 respectively. Both borrowings have been extended until the lender requires repayment. The incurred amount in 2018 is the exchange rate impact.

	2019	2018
Interest expenses		
Infosys Limited	4,441,707.57	4,578,154.02
Infosys Poland Sp. z o.o.	175,159.27	121,457.55
	4,616,866.84	4,699,611.57
Interest income		
Infosys Technologies (Shanghai) Co. Limited	3,000,000.00	3,000,000.00

(c) Amounts due to/from related companies

In RMB

Accounts	Name of the related parties	2019	2018
Accounts receivable	Infosys Technologies (Shanghai) Co. Limited	51,354,550.05	37,562,424.89
	Infosys Limited	3,888,964.38	7,971,254.25
	Infosys BPM Limited	229,993.94	–
	Infosys Public Services Inc	43,087.03	51,924.18
	Infosys Technologies S.De.R.L	–	3,386,346.65
		55,516,595.40	48,971,949.97
Prepayment	Panaya Ltd	438,991.93	1,456,134.95
Accounts payable	Infosys Technologies (Shanghai) Co. Limited	34,610,991.87	26,730,978.47
	Infosys Limited	19,205,009.64	24,488,303.01
	EdgeVerve Systems Limited	2,646,974.37	3,485,998.32
	Infosys BPM Limited	1,211,631.02	779,267.04
	Infosys Consulting (Shanghai) Co,ltd (Lodostone Management Consultants (China) Co. Ltd)	2,436.94	918,232.83
	Infosys Consulting AG	–	7,489.14
		57,677,043.84	56,410,268.81
Other payables	Infosys Limited	16,094,953.52	11,716,328.56
	Infosys Poland Sp. z o.o.	561,918.52	423,588.56
		16,656,872.04	12,139,917.12
Other receivables	Infosys Technologies (Shanghai) Co. Limited	7,490,958.91	4,490,958.91

X. Financial instruments and risk management

The Company's major financial instruments include accounts receivable, other receivables, short-term loans, accounts 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 analyze 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.

1.1 Market risk

1.1.1 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 31 December 2019, 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

	2019	2018
Cash and bank balances	10,909,383.51	13,828,299.23
Accounts receivable	68,145,668.21	58,107,041.85
Short-term loans	(74,645,340.00)	(73,397,319.66)
Interest payable	(16,656,872.04)	(12,139,917.12)
Accounts payable	(20,416,640.66)	(24,874,712.56)
	(32,663,800.98)	(38,476,608.26)

Sensitivity analysis on currency risk

The assumption for the sensitivity analysis on currency risk is that all hedges of net investments in foreign operations and the cash flow hedges are highly effective.

On the basis of the above assumption, where all other variables are held constant, the reasonably possible changes in the foreign exchange rate may have the following pre-tax effect on the profit or loss for the period and owners' equity:

Item	Changes in exchange rate	2019		2018	
		Effect on profit	Effect on Owners' equity	Effect on profit	Effect on Owners' equity
Foreign currencies	10% increase against RMB	(3,266,380.10)	(3,266,380.10)	(3,847,660.83)	(3,847,660.83)
Foreign currencies	10% decrease against RMB	3,266,380.10	3,266,380.10	3,847,660.83	3,847,660.83

1.2 Credit risk

As at 31 December 2019, 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.

1.3 Liquidity risk

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.

XI. 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.

XII. Commitments

(1) Capital commitments

In RMB

	31/12/2019	31/12/2018
Capital commitments that have been entered into but have not been recognised in the financial statements: Contracts for purchasing fixed assets	1,405,635.39	–

(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	2019	2018
Within 1 year	8,661,009.04	11,829,625.16
1 to 2 years	3,694,088.04	6,275,167.00
2 to 3 years	2,855,277.91	775,917.60
Over 3 years	–	–
Total	15,210,374.99	18,880,709.76

XIII. Comparative data

Partial comparative data for 2018 in the financial statements has been reclassified according to year 2019 presentation.

XIV. Other matters

From January 1, 2020, the Company will start to adopt the revised "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments", "Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets" and "Accounting Standards for Business Enterprises No. 24 - Hedging Accounting" released by the MoF in March 2017, the revised "Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments" released in May 2017, and the revised "Accounting Standards for Business Enterprises No. 14 – Revenue" released in July 2017.

Infosys Poland Sp. z o.o.

Financial statements for the financial year ended March 31, 2020

Independent Auditor's Report

To the Shareholder of Infosys Poland Sp. z o. o.

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the annual financial statements of Infosys Poland Sp. z o.o. (the "Company"), which comprise the Balance Sheet as at March 31, 2020, 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, 2020, 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, as amended) 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 2019, item 1421, 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 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 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 provide the Company's persons exercising supervision with information regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified 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, 2020 (the "Report on the Activities").

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 of the Company 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.

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 Emilia Ostrowska.

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:

Emilia Ostrowska

Registered under number: 12507

Warsaw, June 03, 2020

This document is a foreign language version of the original Independent Auditor's Report issued in Polish version and only the original version is binding. This document has been prepared for information purposes and could be used only for company's internal purposes. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.

Introduction to the Financial Statements

Financial statements for the financial year ended March 31, 2020

Details of the Company

1.1 Company's name

Infosys Poland Sp. z o.o., hereinafter referred to as the 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, 20th Division of the National Court Register
Date:	August 3, 2007
Register 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:

- accounting, bookkeeping and auditing activities; tax consultancy (PKD 69, 20, Z)
- computer programming activities (PKD 62, 01, Z)
- computer consultancy activities (PKD 62, 02, Z)
- computer facilities management activities (PKD 62, 03, Z)
- other information technology and computer service activities (PKD 62, 09, Z)
- data processing, hosting and related activities (PKD 63, 11, Z)
- other information service activities not elsewhere classified (PKD 63, 99, Z)
- business and other management consultancy activities (PKD 70, 22, Z)
- research and experimental development on social sciences and humanities (PKD 72, 20, Z)
- other professional, scientific and technical activities not elsewhere classified (PKD 74, 90, Z)

The Company has been incorporated for an unlimited period of time.

1.5 Period covered by the financial statements

These financial statements cover the period from April 1 2019 to March 31 2020 and the comparative information is for the period from April 1 2018 to March 31 2019.

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. Events after the Balance Sheet date do not affect the validity of the going concern assumption. Events after the Balance Sheet date are described in Note 31.

2. Major accounting principles

These financial statements have been prepared using the following accounting principles:

2.1 Basis for preparation of the financial statements

The financial statements have been prepared in accordance with the accounting principles applicable in the Republic of Poland, as set forth in the Polish Accountancy Act of September 29, 1994. (Journal of Laws of 2019, Item 351) and implementing regulations issued on its basis.

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 by nature of expense and prepares the profit and loss account in single-step variant.

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 reliable 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 Dividends

Dividends due are included in financial income as at the date of adoption by the General Meeting of Shareholders of the Company in which the undertaking has invested, of a resolution on profit distribution, unless the resolution specifies other dates for the right to dividend.

2.5 Cash Flow Statement

The cash flow statement has been prepared using the indirect method.

2.6 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.

2.7 Fixed assets

Fixed assets are valued in the books at purchase price or production cost (initial value) taking into account the effects of revaluation (update), less depreciation write-offs, as well as write-offs for permanent loss of value.

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 remodeling, 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	20.00%
Office equipment	20.00%
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.

2.8 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.

2.9 Financial leasing

When the Company is a party to lease agreements, on the basis of which it has accepted for use foreign fixed assets and intangible assets, under which substantially all risks and benefits resulting from the possession of assets being the subject of the agreement are transferred, the subject of the lease is included in the Balance Sheet.

When the Company is a party to lease agreements, based on which it gives away its own fixed assets and intangible assets for use, under which substantially all risks and benefits resulting from the possession of assets being the subject of the agreement are transferred, the subject of the lease ceases to be recognized in the Balance Sheet. However, a receivable equal to the current value of the lease instalments is recognized. Lease payments are apportioned between finance income and reduction of the receivable balance in such a way as to obtain a constant rate of return on the outstanding receivable.

2.10 Stocks

Inventories are valued at their purchase prices or manufacturing costs not higher than their net selling prices as at the Balance Sheet date.

Stocks are evaluated on the basis of:

Materials — purchase price, where the expenditure is valued using the [weighted average; first in, first out; last in, first out] method.

Goods — purchase price, where the outflow is valued using the [weighted average; first in, first out; last in, last in, first out] method

Finished products — manufacturing costs, which include costs directly related to a given product and a reasonable part of costs indirectly related to the manufacture of that product. A reasonable part of indirect costs, appropriate to the period of manufacture of the product, includes variable production overheads and that part of fixed, indirect production costs which correspond to the level of those costs under normal use of the production capacity. The normal level of capacity utilization shall be considered to be the average, as expected under normal conditions, of production volumes for a given number of periods or seasons, taking into account planned renovations.

Work in progress — direct manufacturing costs [direct material costs].

Stocks are recognized in the Balance Sheet at net value, i.e. less the value of write-offs. Revaluation write-offs are recognized in other operating costs.

2.11 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.

In the case of receivables outstanding for more than 180 days after the date of invoice issuance, the Company makes an additional revaluation write-off, which is included in other operating expenses respectively.

Liabilities are recognized in the books 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.

2.12 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.

2.13 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.

2.14 Provisions for liabilities

Provisions are liabilities with an uncertain due date or amount.

Provisions for liabilities resulting from the restructuring of the Company are established when the Company has formally adopted a detailed restructuring plan and the restructuring has begun or information about the restructuring has been publicly disclosed. And restructuring plans allow to reliably determine the value of these future liabilities. No reserves are established for future operational costs.

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.

2.15 Economic activity in Łódź Special Economic Zone

On July 4, 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 labor costs is calculated based on the cost of labor 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 (kategoria 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 December 30, 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.

2.16 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 assets and reserves for deferred income tax 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 reserve for deferred income tax is established in the amount of income tax that will be payable in the future, due to the occurrence of positive temporary differences, i.e. differences that will increase the basis for calculating income tax in the future.

The deferred tax assets and reserves are determined by reference to the income tax rates effective in the year when the tax obligation arises.

The deferred tax reserves and assets are not set off for the purposes of presentation in the financial statements.

2.17 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 rate differences arising in connection with the valuation as at the Balance Sheet date of long-term investments expressed in foreign currencies are settled as follows:

- positive exchange differences increase revaluation reserve

- negative exchange rate differences reduce the revaluation reserve to the amount by which the revaluation reserve was increased on that account. In other cases, negative exchange rate differences are included in financial costs. An increase in the value of a given investment resulting from positive exchange rate differences from assets, the value of which was reduced by negative exchange rate differences included in financial costs, is included in the amount of these costs as financial income.

Exchange rates applied to the measurement of items denominated in foreign currencies as follows:

Balance Sheet

in PLN

Particulars	2020	2019
AUD	2.5481	2.7174
CHF	4.3001	3.8513
CZK	0.1665	0.1666
EUR	4.5523	4.3013
DKK	0.6096	0.5761
GBP	5.1052	4.9960
INR	0.0550	0.0554
NOK	0.3953	0.4433
HRK	0.5976	0.5789
MXN	0.1734	0.1986
SEK	0.4114	0.4130
USD	4.1466	3.8365
ZAR	0.2306	0.2639
RON	0.9429	0.9029
SGD	2.9087	2.8292
HUF	0.0127	0.0134
NOK	0.3953	0.4433
RUB	0.0528	0.0593
TRY	0.6314	0.6802

2.18 Financial instruments

2.18.1 Classification of financial instruments

Financial instruments are recognized and measured in line with the Ordinance of the Minister of Finance of December 12, 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.

Breakdown of financial 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

2.18.2 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.

Transactions to buy and sell financial instruments made in regulated trading shall be recorded in the books on the date of their conclusion.

2.18.3 Financial assets held for trading

Financial assets held for trading include assets acquired for the purpose of obtaining economic benefits resulting from short-term price changes and fluctuations in other market factors or the short duration of the acquired instrument, as well as other financial assets, regardless of the intentions behind the conclusion of the contract, if they are part of a portfolio of similar financial assets which are highly probable to derive the expected economic benefits in a short term.

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.

2.18.4 Financial assets held to maturity

Financial assets held to maturity include financial assets not recognized as loans granted and receivables, for which the concluded contracts set the maturity date for repayment of the nominal value and define the right to receive economic benefits at agreed time limits, for example interest, in a fixed or determinable amount, provided that the Company intends and may hold these assets until they become due.

Financial assets held to maturity are measured at amortized cost using the effective interest rate method.

2.18.5 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.

2.18.6 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.

2.18.7 Short-term financial assets

Deposits with a maturity over three months from the date when they are made are recognized as short-term financial assets.

2.18.8 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.

Financial liabilities held for trading also include the obligation to deliver borrowed securities and other financial instruments in the case the Company concludes a short sale contract.

Other financial liabilities are measured at adjusted purchase price, calculated using the effective interest rate method.

2.19 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 estimation methods.

- the valuation of a financial instrument at a price set on an active regulated market where financial instruments are publicly traded, and information on that price is publicly available,
- valuation of debt financial instruments by a specialized, independent entity providing such services, and it is possible to reliably estimate the cash flows associated with these instruments,
- application of an appropriate financial instrument pricing model, and the inputs introduced to that model are taken from an active regulated market,
- estimation of the price of a financial instrument for which there is no active market on the basis of a publicly announced, quoted on an active regulated market price that does not differ materially from a similar financial instrument or prices of components of a complex financial instrument,

Arindam Roy Chowdhury
Member of the Board

Anup Kapoor
Member of the Board

Management Board

Person in charge of the accounting records

Łódź, June 3, 2020 .

Balance Sheet

in PLN

No.	Item	As at March 31, 2020	As at March 31, 2019
	ASSETS		
	TOTAL ASSETS	370,486,231.27	350,799,079.46
A	FIXED ASSETS	98,357,469.56	43,928,413.47
I	Intangible assets	–	–
1	Cost of research and development	–	–
2	Goodwill	–	–
3	Other intangible assets	–	–
4	Advances for intangibles	–	–
II	Tangible assets	4,306,940.49	5,190,308.06
1	Fixed assets	4,306,940.49	5,190,308.06
a	land (of which: perpetual usufruct of land)	–	–
b	buildings, premises, rights to premises and civil engineering structures	317,579.76	565,998.34
c	plant and machinery	3,758,123.67	4,151,615.65
d	means of transport	–	–
e	other fixed assets	231,237.06	472,694.07
2	Fixed assets under construction	–	–
3	Advances on fixed assets under construction	–	–
III	Long term receivables	–	11,407,178.00
3	Amounts due from other undertakings	–	11,407,178.00
IV	Long-term investments	79,610,770.73	12,974,676.25
1	Immovable property	–	–
2	Intangible assets	–	–
3	Long-term financial assets	79,610,770.73	12,974,676.25
a	in related undertakings	61,800,000.00	–
	– shares	61,800,000.00	–
	– loans	–	–
c	in other undertakings	17,810,770.73	12,974,676.25
	– other long-term financial assets	17,810,770.73	12,974,676.25
4	Other long-term investments	–	–
V	Long-term prepayments and accruals	14,439,758.34	14,356,251.16
1	Deferred income tax assets	14,439,758.34	14,356,251.16
2	Other prepayments and accruals	–	–
B	CURRENT ASSETS	272,128,761.71	306,870,665.99
I	Stocks	–	–
1	Materials	–	–
2	Semi-finished products and work in progress	–	–
3	Finished products	–	–
4	Goods	–	–
5	Advances on supplies	–	–
II	Short-term receivables	85,714,424.63	51,426,644.26
1	Amounts due from related undertakings	5,968,395.98	985,616.13
a	trade receivables with a maturity of:	5,968,395.98	985,616.13
	– up to 12 months	5,953,734.20	985,373.09
	– over 12 months	14,661.78	243.04
b	other	–	–
3	Amounts due from other undertakings	79,746,028.65	50,441,028.13
a	trade receivables with a maturity of:	59,489,874.13	39,988,719.48
	– up to 12 months	59,389,417.76	39,988,719.48
	– over 12 months	100,456.37	–
b	receivables relative to taxes, subsidies, customs duties, social and health insurance, and other benefits	5,337,875.31	2,208,372.20
c	other	14,918,279.21	8,243,936.45
d	receivables under litigation	–	–
III	Short-term investments	185,521,113.65	254,741,815.45
1	Short-term financial assets	185,521,113.65	254,741,815.45

No.	Item	As at March 31,	
		2020	2019
a	in related undertakings	48,251,030.41	43,157,865.78
	- loans	48,251,030.41	43,157,865.78
b	in other undertakings	76,667,638.12	45,148,130.14
	– other short term financial assets	76,667,638.12	45,148,130.14
c	other cash and cash equivalents	60,602,445.12	166,435,819.53
	– cash in hand and at bank	10,547,979.12	10,947,029.13
	– other cash and cash equivalents	50,054,466.00	155,488,790.40
	– other money assets	–	–
2	Other short-term investments	–	–
IV	Short-terms prepayments and accruals	893,223.43	702,206.28

Balance Sheet

in PLN

No.	Item	As at March 31, 2020	As at March 31, 2019
	LIABILITIES	370,486,231.27	350,799,079.46
A	EQUITY (OWN FUNDS)	296,251,028.03	284,808,052.18
I	Primary capital (fund)	2,500,000.00	2,500,000.00
II	Capital reserve (fund), of which:	287,827,329.70	276,103,333.02
III	Revaluation reserve (fund), of which:	–	–
IV	Other capital reserves (funds), of which:	–	–
	– for own shares	–	–
V	Profits (losses) brought forward	(5,519,277.52)	(5,519,277.52)
VI	Net profit (loss)	11,442,975.85	11,723,996.68
VII	Write-offs from net profit during the financial year (negative amount)	–	–
B	LIABILITIES AND RESERVES FOR LIABILITIES	74,235,203.24	65,991,027.28
I	Reserves for liabilities	31,625,664.74	25,001,456.34
1	Reserves for deferred income tax	1,500,711.51	714,050.69
2	Reserves for pensions and similar benefits	26,258,965.23	21,073,717.65
	– long-term	1,015,441.00	826,101.00
	– short-term	25,243,524.23	20,247,616.65
3	Other reserves	3,865,988.00	3,213,688.00
	– long-term	–	–
	– short-term	3,865,988.00	3,213,688.00
II	Long-term liabilities	–	–
1	Amounts due to related undertakings	–	–
3	Amounts due to other undertakings	–	–
a	credits and loans	–	–
b	relative to debt securities issued	–	–
c	other financial liabilities	–	–
e	other	–	–
III	Short-term creditors	27,646,369.96	22,358,727.67
1	Related undertakings	237,451.81	278,426.04
a	trade liabilities with maturity of:	237,451.81	278,426.04
	– up to 12 months	237,451.81	278,426.04
b	other	–	–
3	Amounts due to other undertakings	27,510,439.89	22,008,977.65
a	credits and loans	–	–
b	relative to debt securities issued	–	–
c	other financial liabilities	930,000.00	548,900.00
d	trade liabilities with maturity of:	8,820,700.07	3,875,415.07
	– up to 12 months	8,820,700.07	3,875,415.07
e	advances received for supplies	–	–
f	commitments under bills of exchange	–	–
g	taxes, subsidies, customs duties, social and health insurance, and other public liabilities	5,417,443.58	9,172,254.51
h	wages and salaries	12,325,889.55	8,412,408.07
i	other	16,406.69	–
4	Special funds	(101,521.74)	71,323.98
IV	Accruals	14,963,168.54	18,630,843.27
1	Negative goodwill	–	–
2	Other accruals	14,963,168.54	18,630,843.27
	– long-term	5,160,018.17	6,990,214.89
	– short-term	9,803,150.37	11,640,628.38

Profit and Loss Account

in PLN

No.	Item	As at March 31, 2020	2019
A	Net income from sales and equivalent oncome, of which:	282,268,148.16	269,013,692.06
	– from related undertakings	25,624,109.37	19,663,688.02
I	Net income from sale of products	282,268,148.16	269,013,692.06
II	Change in stocks of products (increase – positive figure, decrease — negative figure)	–	–
III	Costs of work performed by the undertaking for its own purposes	–	–
IV	Net income from sale of goods and materials	–	–
B	Operating costs	(263,444,693.77)	(239,630,196.28)
I	Amortization and depreciation	(2,654,364.16)	(3,322,446.99)
II	Consumption of materials and energy	(768,449.83)	(752,670.56)
III	Outsourcing	(38,746,653.91)	(31,565,682.36)
IV	Taxes and charges, of which:	(3,731,938.73)	(2,985,946.92)
	- excise duty	–	–
V	Wages and salaries	(171,495,980.46)	(163,227,322.46)
VI	Social insurance and other benefits, of which:	(39,808,919.26)	(33,384,593.24)
VII	Other costs	(6,238,387.42)	(4,379,833.89)
VIII	Value of goods and materials sold	–	(11,699.86)
C	Profit (loss) on sale (A-B)	18,823,454.39	29,383,495.78
D	Other operating income	1,956,742.03	136,283.70
I	Profit on sale of non-financial fixed assets	–	1,080.00
III	Revaluation of non-financial assets	–	–
IV	Other operating income	1,956,742.03	135,203.70
E	Other operating charges	(505,750.38)	(943,483.93)
I	Loss on sale of non-financial fixed assets	–	–
II	Revaluation of non-financial assets	–	–
III	Other operating costs	(505,750.38)	(943,483.93)
F	Operating profit (loss) (C+D-E)	20,274,446.04	28,576,295.55
G	Financial income	10,126,687.11	7,033,284.32
I	Dividends and shares in the profits, of which:	–	–
a	from related undertakings, of which:	–	–
II	Interest received, of which:	3,798,686.00	3,797,162.11
	- from related undertakings	1,609,283.85	1,071,765.41
III	Profit on sale of financial fixed assets, of which:	–	–
IV	Revaluation of financial assets	–	–
V	Other	6,328,001.11	3,236,122.21
H	Financial costs	(13,841,074.27)	(16,857,980.62)
I	Interest, of which:	(22,817.55)	(15,658.67)
II	Loss on sale of financial fixed assets, of which:	(12,360,656.72)	(12,818,021.95)
III	Revaluation of financial assets	–	–
IV	Other	(1,457,600.00)	(4,024,300.00)
I	Gross profit (loss) (F+G-H)	16,560,058.88	18,751,599.25
J	Income tax	5,117,083.03	7,027,602.57
K	Other obligatory reductions of profit (increase of loss)	–	–
L	Net profit (loss) (I-J-K)	11,442,975.85	11,723,996.68

Funds flow statement

in PLN

No.	Item	As at March 31, 2020	As at March 31, 2019
A	Equity (own funds) at the beginning of period (opening balance)	284,808,052.18	278,603,333.02
-	changes in adopted accounting principles (policies)	–	–
-	adjustments for basic errors	–	–
	Equity (own funds) at the beginning of the period (opening balance) after adjustments	284,808,052.18	278,603,333.02
I	Primary capital (own funds) at the beginning of the period	2,500,000.00	2,500,000.00
1	Changes in primary capital (fund)	–	–
a	increase (as a result of)	–	–
-	issue of shares	–	–
b	increase (as a result of)	–	–
-	redemption of shares	–	–
2	Primary capital (own funds) at the end of period	2,500,000.00	2,500,000.00
II	Capital reserve (fund) at the beginning of period	276,103,333.02	241,336,404.63
1	Changes in capital reserve (fund)	11,723,996.68	34,766,928.39
a	increase (as a result of)	11,723,996.68	34,766,928.39
-	issue of shares at a premium	–	–
-	distribution of profits (statutory)	–	–
-	distribution of profits (above the minimum statutory value)	11,723,996.68	34,766,928.39
b	decrease (as a result of)	–	–
-	coverage of losses	–	–
2	Capital reserve (fund) at the end of period	287,827,329.70	276,103,333.02
III	Revaluation reserve (fund) at the beginning of period - changes in adopted accounting principles (policies)	–	–
1	Changes in revaluation reserve (fund)	–	–
a	increase (as a result of)	–	–
b	decrease (as a result of)	–	–
-	sale of fixed assets	–	–
2	Revaluation reserve (fund) at the end of period	–	–
IV	Other reserve capitals (funds) at the beginning of the period	–	–
1	Changes in other reserves (funds)	–	–
a	increase (as a result of)	–	–
b	decrease (as a result of)	–	–
2	Other reserves (funds) at the end of period	–	–
V	Profit (loss) brought forward at the beginning of period	(5,519,277.52)	–
2	Profit brought forward at the beginning of period, after adjustments	–	–
a	increase (as a result of)	–	–
b	decrease (as a result of)	–	–
3	Profit brought forward at the end of period	–	–
4	Loss brought forward at the beginning of period	(5,519,277.52)	–
-	changes in adopted accounting principles (policies)	–	–
-	error corrections	–	–
5	error correction Loss brought forward at the beginning of the period, after adjustments	(5,519,277.52)	–
a	changes in accounting policy	–	(5,519,277.52)
6	Loss brought forward at the end of period	(5,519,277.52)	(5,519,277.52)
7	Profit (loss) brought forward at the end of period	(5,519,277.52)	(5,519,277.52)
VI	Net result	11,442,975.85	11,723,996.68
a	net profit	11,442,975.85	11,723,996.68
b	net loss	–	–
c	write-offs from profit	–	–
B	Equity (own funds) at the end of period (closing balance)	296,251,028.03	284,808,052.18
C	Equity (own funds) after adjustments for the proposed distribution of profit (coverage of loss)	296,251,028.03	284,808,052.18

Cash flow statement

in PLN

No.	Item	As at March 31, 2020	2019
A	Operating cash flows		
I	Net profit (loss)	11,442,975.85	11,723,996.68
II	Total adjustments	(2,380,795.13)	24,577,564.06
1	Amortization and depreciation	2,654,364.16	3,322,446.99
2	Foreign exchange gains (losses)	1,496,104.30	(3,220,450.10)
3	Interest and profit sharing (dividends)	(3,798,686.34)	(3,742,409.23)
4	Investment profits (losses)	12,521,608.00	12,817,055.57
5	Movements in reserves	6,624,208.41	4,781,653.83
6	Movements in stock	–	–
7	Movements in receivables	(22,880,602.37)	19,320,000.05
8	Movements in short-term liabilities, with the exception of loans and credits	5,287,642.29	(1,421,666.51)
9	Movements in prepayments and accruals	(3,942,199.06)	(1,759,789.01)
10	Other adjustments	(343,234.52)	(5,519,277.53)
III	Net operating cash flows (I ± II)	9,062,180.72	36,301,560.74
B	Investment cash flows		
I	Inflows	45,615,428.51	34,329,605.14
1	Sale of intangible assets and tangible fixed assets	–	1,080.00
2	Sale of investments in immovable property and intangible assets	–	–
3	From financial assets, of which:	45,615,428.51	34,328,525.14
a	in related undertakings	–	959,049.29
b	in other undertakings	45,615,428.51	33,369,475.85
	– sale of financial assets	–	–
	– repayment of long-term loans	43,711,730.14	25,000,000.00
	– interest	1,903,698.37	2,670,643.82
4	Other investment inflows	–	–
II	Outflows	(160,510,983.64)	(79,010,107.98)
1	Purchase of intangible assets and tangible fixed assets	(1,770,996.59)	(2,849,449.43)
2	Investments in immovable property and intangible assets	–	–
3	On financial assets, of which:	(157,243,882.75)	(76,160,658.55)
a	in related undertakings	(61,800,000.00)	(19,907,524.58)
b	in other undertakings	(95,443,882.75)	(56,253,133.97)
	– purchase of financial assets	(90,350,718.12)	(56,253,133.97)
	– long-term loans	(5,093,164.63)	–
4	Other investment outlays	(1,496,104.30)	–
III	Net cash flows from investing activities (I-II)	(114,895,555.13)	(44,680,502.84)
C	Financial cash flows		
I	Inflows	–	497,700.00
1	Net inflows from issue of shares and other instruments, and additional contributions to equity	–	–
3	Issue of debt securities	–	–
4	Other financial inflows	–	497,700.00
II	Outflows	–	–
1	Purchase of own shares	–	–
2	Dividends and other payments to shareholders	–	–
5	Redemption of debt securities	–	–
6	Other financial liabilities	–	–

No.	Item	As at March 31,	
		2020	2019
7	Payments under finance lease contracts	–	–
8	Interest	–	–
9	Other financial outflows	–	–
III	Net cash flows from financial activities (I-II)	–	497,700.00
D	Total net cash flows (A.III ± B.III ± C.III)	(105,833,374.41)	(7,881,242.10)
E	Balance Sheet movements in cash and cash equivalents, of which:	(105,833,374.41)	(7,881,242.10)
	movements due to foreign exchange gains/losses	–	–
F	Cash and cash equivalents at the beginning of period	166,435,819.53	174,317,061.63
G	Cash and cash equivalents at the end of period (F±D), of which:	60,602,445.12	166,435,819.53
	not fully disposable	–	–

Tax note

in PLN

No.	Title	Legal grounds				Current year			Previous year		
		Legal basis				Amount			Value		
		art.	item	point	let.	Total	from profit on capital	from other income sources	Total	from profit on capital	from other income sources
A.	Gross profit (loss) for a given year					16,560,058.88			18,751,599.25		
B.	Tax-exempt income (permanent differences between profit/loss for accounting purposes and profit/loss for tax purposes), of which:					–	–	–	–	–	–
C.	Non-taxable income in the current year, of which:					(26,069,293.28)	–	(26,069,293.28)	(12,332,543.05)	–	(12,332,543.05)
-	provisions for income	12				(16,194,418.00)		(16,194,418.00)			
-	provisions for rent free period	12				(8,616,807.49)		(8,616,807.49)			
-	unrealized interest	12				(1,258,067.79)		(1,258,067.79)			
D.	Taxable income in the current year, recognized in the accounting books of previous years, of which:					–	–	–	(5,892,036.57)	–	(5,892,036.57)
E.	Non-deductible costs (permanent differences between profit/loss for accounting purposes and profit/loss for tax purposes), of which:					5,303,071.11	–	5,303,071.11	5,342,570.88	–	5,342,570.88
-	State Fund of Rehabilitation of Handicapped People	15				2,931,028.89		2,931,028.89			
-	Non-deductible VAT	15				2,664.00		2,664.00			
-	Employee shares	15				69,089.00		69,089.00			
-	statutory interest	15				21,617.00		21,617.00			
-	other non-deductible	15				2,278,672.22		2,278,672.22			
F.	Costs not recognized as tax deductible in the current year, of which:					22,630,085.65	–	22,630,085.65	30,763,411.73	–	30,763,411.73
-	movements in reserves for bonuses	15				711,009.87		711,009.87			
-	wages and salaries for March 2020	15				15,794,342.45		15,794,342.45			
-	reserve for after-sales service	15				(1,235,872.49)		(1,235,872.49)			
-	holiday reserve	12				1,627,571.06		1,627,571.06			
-	provision for expenses	0				5,733,034.76		5,733,034.76			

No.	Title	Legal grounds				Current year			Previous year		
		Legal basis				Amount			Value		
		art.	item	point	let.	Total	from profit on capital	from other income sources	Total	from profit on capital	from other income sources
G.	Costs considered as tax-deductible costs in the current year and reported in the books of previous years, of which:					13,441,545.98	–	13,441,545.98	(20,602,772.68)	–	(20,602,772.68)
-	wages and salaries for March 2019	12				13,441,545.98		13,441,545.98			
H.	Loss brought forward, of which:					–					
I.	Other changes to the tax base, of which:					(29,938,461.76)	(10,575,041.00)	(19,363,420.76)	4,469,576.06	14,572,988.21	(10,103,412.15)
-	SEZ benefit repayment	PDOP				(19,330,029.48)		(19,330,029.48)			
-	difference in depreciation	PDOP				(33,391.28)		(33,391.28)			
-	capital gains / losses	PDOP				(10,575,041.00)	(10,575,041.00)				
J.	Income tax base					23,077,088.86			20,500,805.62		
K.	Income tax					4,384,646.88			3,895,153.08		

Notes

1. Intangible assets

Change in the balance of intangible assets

in PLN

Particulars	Cost of research and development	Goodwill	Other intangible assets	Advances for intangibles	Total
Gross value					
April 1, 2019	–	21,445,874.68	462,667.52	–	21,908,542.20
March 31, 2020	–	21,445,874.68	462,667.52	–	21,908,542.20
Accumulated amortization					
April 1, 2019	–	(21,445,874.68)	(462,667.52)	–	(21,908,542.20)
March 31, 2020	–	(21,445,874.68)	(462,667.52)	–	(21,908,542.20)
		–	–		
Impairment write-offs					
April 1, 2019	–	–	–	–	–
Increases	–	–	–	–	–
Internal transfer	–	–	–	–	–
Decreases	–	–	–	–	–
March 31, 2020	–	–	–	–	–
Net value					
April 1, 2019	–	–	–	–	–
March 31, 2020	–	–	–	–	–

2. Tangible assets

2.1 Change in fixed assets

in PLN

Particulars	Buildings, premises, civil engineering structures	Plant and machinery	Other tangible assets	Total
Gross value				
April 1, 2019	10,980,591.26	23,360,618.62	5,424,611.00	39,765,820.88
Increases	–	1,770,996.59	–	1,770,996.59
Internal transfer				–
Decreases	–	(2,990,178.91)	(32,125.12)	(3,022,304.03)
March 31, 2020	10,980,591.26	22,141,436.30	5,392,485.88	38,514,513.44
Accumulated amortization				
April 1, 2019	(10,414,592.92)	(19,209,002.96)	(4,951,916.93)	(34,575,512.81)
Increases	(248,418.58)	(2,164,615.31)	(241,330.27)	(2,654,364.16)
Internal transfer				–
Decreases	–	2,990,305.64	31,998.38	3,022,304.02
March 31, 2020	(10,663,011.50)	(18,383,312.63)	(5,161,248.82)	(34,207,572.95)
	–	–	–	
Impairment write-offs				
April 1, 2019	–	–	–	–
Increases	–	–	–	–
Internal transfer	–	–	–	–
Decreases	–	–	–	–
March 31, 2020	–	–	–	–
Net value				
April 1, 2019	565,998.34	4,151,615.65	472,694.07	5,190,308.06
March 31, 2020	317,579.76	3,758,123.67	231,237.06	4,306,940.49

2.2 Value of land in perpetual usufruct

Not applicable

2.3 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 964,500 (PLN 964,500 in the prior reporting period). The gross value of such assets has been taken from lease, rental or similar agreements concluded.

3. Short-term receivables

3.1 Ageing analysis of short-term trade receivables from related parties

in PLN

Particulars	As at March 31,	
	2020	2019
Maturing:		
up to 90 days	280,386.27	–
from 91 to 180 days	5,673,347.93	985,373.09
from 181 to 360 days	–	–
over 360 days	14,661.78	243.04
	5,968,395.98	985,616.13
Balance of gross receivables	5,968,395.98	985,616.13
Impairment write-offs on receivables	–	–
Balance of net receivables	5,968,395.98	985,616.13

3.2 Ageing analysis of short-term trade receivables from other entities

in PLN

Particulars	As at March 31,	
	2020	2019
Maturing:		
up to 90 days	56,261,350.48	39,690,354.04
from 91 to 180 days	3,128,067.28	298,365.44
from 181 to 360 days	–	–
over 360 days	100,456.37	–
	59,489,874.13	39,988,719.48
Balance of gross receivables	60,055,787.59	41,368,531.97
Impairment write-offs on receivables	(565,913.46)	(1,379,812.49)
Balance of net receivables	59,489,874.13	39,988,719.48

3.3 Impairment losses on short-term trade receivables

in PLN

Particulars	Other entities
April 1, 2019	1,379,812.49
Increases	565,913.46
Reversed	(1,379,812.49)
March 31, 2020	565,913.46

3.4 Receivables from other entities

in PLN

Particulars	As at March 31,	
	2020	2019
due to tax, grants, customs duty, social security, health insurance and other benefits	5,337,875.31	2,208,372.20
VAT	2,319,524.82	939,651.91
CIT	3,018,350.49	1,268,720.29
Other	14,918,279.21	8,243,936.45
	20,256,154.52	10,452,308.65

4. Short-term investments

4.1 Short-term financial assets in related parties

in PLN

Particulars	As at March 31,	
	2020	2019
Shares	–	–
Other securities		
Originated loans:	48,251,030.41	43,157,865.78
Other short term financial assets		
	48,251,030.41	43,157,865.78

Under agreement dated October 8, 2016, on December 22, 2016 the Company disbursed a loan to Infosys Technologies (China) Cp. Ltd, a related company, of US$ 700,000.00.

Under agreement dated March 27, 2017, on May 11, 2017 the Company disbursed a loan to Infosys Technologies (Shanghai) Cp. Ltd, a related company, of US$ 5,000,000.00.

Under agreement dated November 12, 2018, on November 15, 2018 the Company disbursed a loan to Infosys Technologies to Brasil Ltda., a related company, of US$ 5,000,000.00.

4.2 Short-term financial assets in other entities

in PLN

Particulars	As at March 31,	
	2020	2019
Shares	–	–
Deposits maturing in more than three months	75,231,238.12	45,148,130.14
Originated loans	–	–
Other short-term financial assets — forwards	1,436,400.00	–
	76,667,638.12	45,148,130.14

4.3 Cash and other monetary assets

in PLN

Particulars	As at March 31,	
	2020	2019
Cash in hand and at bank	10,547,979.12	10,947,029.13
other cash	50,054,466.00	155,488,790.40
Cash at VAT accounts	–	–
	60,602,445.12	166,435,819.53

5. Short-term prepayments

in PLN

Particulars	As at March 31,	
	2020	2019
Car insurance	–	–
Gifts/vouchers not handed out	25,600.00	18,870.00
Service contracts	832,156.41	337,008.98
Accident and civil liability insurance	–	40,524.11
Subscription/access to databases	–	305,803.19
Prepayments	35,467.02	–
	893,223.43	702,206.28

6. Long-term financial assets in related parties

in PLN

Particulars	As at March 31,	
	2020	2019
Infosys Consulting Sp. z o.o.	61,800,000.00	–
	61,800,000.00	–

Under a share purchase agreement dated February 20, 2020 the Company acquired shares of Infosys Consulting Sp zoo amounting to PLN 61.800.000.

7. Long-term investments in other entities

in PLN

Particulars	As at March 31,	
	2020	2019
Financial assets available for sale	–	–
Tidalscale investment	4,693,951.20	12,974,676.25
House of Funds investment	13,116,819.53	–
	17,810,770.73	12,974,676.25

The Company invested US$ 2,300,000 on May 14, 2019 and US$ 1,625,000 on March 04, 2020 in the House of Funds. The valuation method is fair value through profit or loss.

8. Equity

8.1 Ownership structure of the share capital

in PLN

Shareholder	Number of shares	Face value of shares	% interest
Infosys BPM Limited (formerly: Infosys BPO Limited)	5,000.00	2,500,000.00	100%
	5,000.00	2,500,000.00	100%

8.2 Proposed distribution of profit for the financial year

The Company's Management Board proposes to allocate the profit for the financial year to finance the loss from the previous year and increase the reserve capital.

9. Provisions

9.1 Provisions for retirement and similar benefits

in PLN

Particulars	Retirement benefits	Other	Total
April 1, 2019	826,101.00	20,247,616.65	21,073,717.65
Increases	1,062,230.00	25,196,735.23	26,258,965.23
Used	–	(20,247,616.65)	(20,247,616.65)
Reversed	(826,101.00)	–	(826,101.00)
March 31, 2020	1,062,230.00	25,196,735.23	26,258,965.23
of which:			
long-term	1,015,441.00	–	1,015,441.00
short-term	46,789.00	25,196,735.23	25,243,524.23

Other short-term provisions for employee benefits include (by basis):

in PLN

provision for unused annual leave	12,835,156.00
provisions for bonuses	6,481,310.28
provision for retirement and disability benefits	735,214.76
provision for overtime	5,145,054.19
	25,196,735.23

9.2 Other short-term provisions

Other short-term provisions have been made for any taxable interest on the returned subsidy.

in PLN

Particulars	Other	Total
April 1, 2019	3,213,688.00	3,213,688.00
Increases	652,300.00	652,300.00
Used	–	–
Reversed	–	–
March 31, 2020	3,865,988.00	3,865,988.00

10. Long-term liabilities

10.1 Age distribution of long-term liabilities to related undertakings

Not applicable

10.2 Age distribution of long-term liabilities to other undertakings

Not applicable

10.3 Liabilities to the state budget or local government bodies on account of obtaining ownership rights to buildings and facilities

Not applicable

11. Short-term liabilities

11.1 Short-term trade liabilities to related parties of PLN 237,451.81 are due within 12 months from the Balance Sheet date.

11.2 Short-term trade liabilities to other entities of PLN 8,820,700.07 are due within 12 months from the Balance Sheet date.

11.3 Short-term liabilities due to taxes, customs duty, insurance and other benefits

in PLN

Particulars	As at March 31,	
	2020	2019
PIT-4 settlements	930,540.97	1,222,337.62
Social security settlements	4,280,642.11	7,949,918.27
ECP budget settlements	206,493.07	–
SFRHP budget settlements	(232.57)	–
WHT settlements	–	(1.38)
	5,417,443.58	9,172,254.51

11.4 Short-term liabilities — other financial liabilities to other entities

in PLN

Particulars	As at March 31,	
	2020	2019
Measurement of financial instruments	930,000.00	548,900.00
	930,000.00	548,900.00

The Company uses forward contracts to hedge its foreign exchange risk.

12. Other accruals

12.1 Long-term accruals

in PLN

Particulars	As at March 31,	
	2020	2019
Deferred discount received due to a rent — long-term portion	5,160,018.17	6,990,214.89
	5,160,018.17	6,990,214.89

12.2 Short-term accruals

in PLN

Particulars	As at March 31,	
	2020	2019
Provision for the costs of business trips	13,166.00	4,625.00
Deferred discount received due to a rent — short-term portion	1,659,423.96	1,695,247.59
Deferred income — EU subsidy	8,130,452.55	8,130,452.55
Other	107.86	1,810,303.24
	9,803,150.37	11,640,628.38

13. Sales revenue

in PLN

Particulars	As at March 31, 2020	2019
Geographic information		
Revenue from sales of services		
Domestic	29,641,863.04	30,652,518.81
Exports	252,626,285.12	238,361,173.29
	282,268,148.16	269,013,692.10

Revenue by type

Revenue from sales of products

in PLN

Particulars	As at March 31, 2020	2019
Services	282,268,148.16	288,238,979.55
	282,268,148.16	288,238,979.55

14. Other operating income

This item includes the performance of the contract with Cloudyn in the amount of PLN 1,785,615.44. The Company sold the investment in Cloudyn in the year ended March 31, 2018. On May 23, 2020 we received PLN 1,782,389.49 for the issue of an escrow account. The remaining part includes mainly the performance of loyalty agreements with employees.

15. Other operating costs

This item includes provisions for potential income losses in the amount of PLN 385,368.74, and other provisions for receivables.

16. Interest income

(including those arising from debt financial instruments, loans and receivables)

from April 1, 2019 to March 31, 2020

in PLN

Particulars	Realized interest	Unrealized interest, due within			Total
		Up to 3 months	3–12 months	Over 12 months	
Loans and receivables	1,903,698.37	662,364.12	1,232,623.51	–	3,798,686.00
	1,903,698.37	662,364.12	1,232,623.51	–	3,798,686.00

from April 1, 2018 to March 31, 2019

in PLN

Particulars	Realized interest	Unrealized interest, due within			Total
		Up to 3 months	3–12 months	Over 12 months	
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

17. Other financial income

Other financial income in the amount of PLN 6,328,001.11 results from currency valuation.

18. Interest cost

(including those arising from financial obligations contracted)

from April 1, 2019 to March 31, 2020

in PLN

Particulars	Realized interest	Unrealized interest, due within			Total
		Up to 3 months	3–12 months	Over 12 months	
Other	22,817.55	–	–	–	22,817.55
	22,817.55	–	–	–	22,817.55

from April 1, 2018 to March 31, 2019

in PLN

Receivables, claims and liabilities other than those categorised as financial assets and liabilities	Realized interest	Unrealized interest, due within			Total
		Up to 3 months	3–12 months	Over 12 months	
Other	15,658.67	–	–	–	15,658.67
	15,658.67	–	–	–	15,658.67

19. Other financial costs

The loss in the amount of PLN 12,360,656.72 results from valuation of the Tidalscale investment.

Other financial costs in the amount of PLN 1,457,600, result from exchange rate differences realized under forward contracts

20. Income tax

in PLN

Particulars	As at March 31,	
	2020	2019
Current income tax	4,413,929.39	5,385,216.48
Deferred tax	703,153.65	1,642,386.09
	5,117,083.03	7,027,602.57

21. Deferred income tax

in PLN

Particulars	As at March 31,	
	2020	2019
Deductible temporary differences:		
Provision for annual leave	12,835,156.00	11,207,584.94
Provision for bonuses, overtime, retirement and disability benefits	6,297,617.80	6,920,296.39
Accrued exchange losses	–	316,269.74
Provisions for other costs	19,960,466.15	15,760,024.07
Fixed assets	670,438.44	2,167,521.60
Measurement of derivatives	–	648,900.00
SEZ tax credit	16,059,202.11	31,103,402.85
Reserve for additional after-sales services	1,869,725.26	933,343.04
Provision for unfinished services	18,306,122.41	6,501,874.01
	75,998,728.17	75,559,216.64
Gross deferred tax assets	14,439,758.35	14,356,251.16
Net deferred tax assets	14,439,758.34	14,356,251.16

in PLN

Particulars	As at March 31,	
	2020	2019
Taxable temporary differences:		
Accrued exchange gains	–	1,090,426.26
Measurement of derivatives	–	636,920.54
Interest accrued on deposits	–	2,030,814.70
Provisions for income	7,898,481.71	–
	7,898,481.71	3,758,161.50
Deferred tax liability	1,500,711.51	714,050.69
Deferred tax assets recognized in the Balance Sheet	14,439,758.34	14,356,251.16
Deferred tax liability recognized in the Balance Sheet	1,500,711.51	714,050.69

in PLN

Particulars	As at March 31,	
	2020	2019
Net Balance Sheet change in deferred tax assets/liability	(703,153.65)	(1,642,386.09)
Value of deferred tax recognized in capitals in the period	–	–
Change in deferred tax charged to profit or loss	(703,153.65)	(1,642,386.09)

22. Expenditure on non-current non-financial assets

in PLN

Particulars	As at March 31,	
	2020	2019
Expenditure on non-current non-financial assets:		
– incurred in the current year	1,770,996.59	2,849,460.30
– planned	3,366,274.81	3,606,310.00

23. Explanations to the cash flow statement

23.1 Gain/loss on investments

in PLN

Particulars	As at March 31,	
	2020	2019
Other — gain/loss on forwards	12,521,608.00	12,817,055.57
	12,521,608.00	12,817,055.57

23.2 Change in short-term liabilities (except for credit facilities and loans)

in PLN

Particulars	As at March 31,	
	2020	2019
Change in short-term liabilities	5,287,642.29	(1,421,666.51)
	5,287,642.29	(1,421,666.51)

23.3 Acquisition of intangible assets and property, plant and equipment

in PLN

Particulars	As at March 31,	
	2020	2019
Increases in fixed assets	(1,770,996.59)	(2,808,618.91)
Change in liabilities due to acquisition of property, plant and equipment	–	(40,830.52)
	(1,770,996.59)	(2,849,449.43)

24. Information on the nature and economic purpose of agreements concluded by the Company not included in the Balance Sheet

Not applicable

25. Related party transactions

25.1 Payment of receivables and liabilities as at the Balance Sheet date

in PLN

Particulars	Liabilities	Receivables	Loans to
Infosys Shanghai	–	–	23,169,553.52
Lodestone Brazil	–	–	21,819,528.46
Infosys China	–	–	3,261,948.43
Infosys Limited	202,416.40	1,489,326.12	–
Infosys Consulting Sp. zoo	–	505,843.63	–
Infosys Consulting GmbH	–	1,258,676.82	–
Infosys BPM Limited	35,015.09	2,715,380.82	–
Infosys (Czech Republic) Limited s.r.o.	20.32	(831.41)	–
	237,451.81	5,968,395.98	48,251,030.41

25.2 Revenue from related party transactions in the financial year

in PLN

Particulars	Sales revenue
Infosys Limited	16,195,335.10
Infosys BPM Limited	7,659,101.12
Lodestone Germany	1,258,676.82
Infosys Consulting Sp. z o.o.	505,843.63
Infosys (Czech Republic) Limited s.r.o.	5,152.70
	25,624,109.37

25.3 Cost of related party transactions in the financial year

in PLN

Particulars	Purchase of services
Infosys China	109,173.54
Infosys Brazil	(287,312.63)
Infosys Shanghai	779,548.16
Lodestone Brazil	1,007,874.78
Infosys BPM Limited	(45,110.82)
Infosys (Czech Republic) Limited s.r.o.	(28,637.39)
	1,535,535.64

26. 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.

27. Staff

in PLN

Average number of staff in the financial year:	2020	2019
Office employees	2,211.00	2,117.00

28. 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 administrative bodies did not receive any loans or similar benefits. Moreover, these persons did not receive any remuneration in the financial year ended March 31, 2020.

29. Fee paid or payable to the entity authorized to audit financial statements

in PLN

Particulars	2020	2019
Fee for the audit of annual financial statements	64,527.00	58,067.55

30. 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.

31. Post Balance Sheet events not recognized in the financial statements

The COVID-19 pandemic caused the Company to have a minimal influence on revenues, but only at the end of the fourth quarter of the financial year ended March 31, 2020.

The Company has adapted its service management, in close cooperation with its customers, so that the impact of COVID-19 on their operations is limited. As a result, disruptions to operations were kept to a minimum and employees supported the customers' operations via a remote operation system.

The Company analyzed the possible effects of the COVID-19 pandemic and its impact on the carrying amounts of receivables, provisions for revenue, loans, investments and other assets. In developing its business assumptions as regards uncertainty in the global economic environment resulting from the pandemic, the Company used all available information to assess the recoverability of its assets. In view of the said uncertainty, the Management is aware that the pandemic may affect the carrying value of assets and financial results for the next financial year. However, at the date of preparation of these financial statements, the net working capital and the net asset item are positive and, based on current estimates, the Management expects that the carrying value of the assets will be recovered. Therefore, no adjustments to the financial statements as at March 31, 2020 deem necessary.

There are a number of measures to protect revenue, including continuous evaluation of cost optimization measures, and the Management will continue to monitor closely any significant changes in future economic conditions.

32. Changes in accounting rules / adjustment for error

not applicable

33. Information on non-consolidated joint ventures

Not applicable

34. Consolidated financial statements

The consolidated financial statements will be prepared separately in accordance with the Accounting Act.

35. 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 December 10, 2012.

As at the end of the reporting period the subsidy totaled PLN 8,130,452.55.

36. Asset collaterals established by the Company

Not applicable

37. Discontinued operations

Not applicable

38. Mergers of companies

Not applicable

39. Continuation of operations

The financial statements were prepared on a going concern basis. The impact of events described in note "Events after the Balance Sheet date not included in the financial statements" has been assessed by the Management of the undertaking as not posing any significant threat to the continuation of its business activity with no material changes.

40. Financial instruments

40.1 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 40.6.

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.

40.2 Description of financial instruments

in PLN

Portfolio	Quantity	Carrying amount	Terms and conditions affecting future cash flows
Cash	in hand and at bank	10,547,979.12	Not applicable
Cash	deposits	20,117,321.00	Interest of 1.17%, maturing by March 3, 2020
		55,113,918.00	Interest of 1.05%, maturing by April 30, 2020

Portfolio	Quantity	Carrying amount	Terms and conditions affecting future cash flows
		30,032,219.00	Interest of 1.4%, maturing by May 4, 2020
		20,022,247.00	Interest of 1.45%, maturing by June 3, 2020
Financial assets available for sale			
	Tidalscale investment	4,693,951.20	
	House of Funds investment	13,116,819.53	

40.3 Carrying amount of financial instruments measured at fair value

Not applicable

40.4 Changes in revaluation reserve in respect of financial instruments

Not applicable

40.5 Interest rate risk

in PLN

Financial instruments:	2020	2019
	Carrying amount	Carrying amount
– Fixed interest rate		
Financial assets	173,536,734.53	243,794,786.32
Including:		
Loans	48,251,030.41	43,157,865.78
Deposits	125,285,704.12	200,636,920.54

As at the Balance Sheet date, the Company did not have any financial instruments for which the redemption date falls earlier than the date originally specified in the contract.

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.

40.6 Credit risk

The Company's maximum exposure to the credit risk is expressed as the carrying amount of the following financial assets:

in PLN

Particulars	As at March 31,	
	2020	2019
Financial assets:	Carrying amount	Carrying amount
Loans	48,251,030.41	43,157,865.78
Trade receivables	65,458,270.11	40,974,335.61
Other short-term financial assets — deposits	75,231,238.12	45,148,130.14
Other short-term financial assets - Futures contracts	1,436,400.00	–
Cash — deposits	50,054,466.00	155,488,790.40
Cash — other	10,547,979.12	10,947,029.13
Financial assets available for sale	17,810,770.73	12,974,676.24
	268,790,154.49	308,690,827.30

in PLN

Particulars	As at March 31,	
	2020	2019
Financial liabilities:	Carrying amount	Carrying amount
Valuation of financial instruments	930,000.00	548,900.00

40.7 Impairment losses on financial assets

Not applicable

40.8 Impossible to determine the fair value

Not applicable

40.9 Fair value of financial assets and liabilities

Not applicable

40.10 Transactions where financial assets have been converted into securities or repurchase contracts

Not applicable

41. Information on costs related to research and development work which have not been recognized as intangible assets pursuant to Article 33 item 2.

Not applicable

42. Interest and exchange rate differences which increased the acquisition price or cost of manufacture in the financial year

Not applicable

43. Fixed assets write-offs for long-term financial and non-financial assets

Not applicable

44. List of companies (name, registered office) in which the entity has an interest in the capital

Infosys Consulting Sp. z o.o.

ul. Strzegomska 142A 54-429 Wrocław

in PLN

Equity as at December 31, 2019	8,187,806.94
Profit gained in the year ended December 31, 2019	7,127,826.27
% share in the capital	100%

Arindam Roy Chowdhury
Member of the Board

Anup Kapoor
Member of the Board

Łódź, June 3, 2020

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Infosys Consulting GmbH

Independent Auditor’s Report

To Infosys consulting GmbH, Garching near Munich/Germany

Audit Options

We have audited the annual financials statement of Infosys consulting Gmbh, Garching near Munich/Germany, which comprise the Balance Sheet as at 31st December 2019, and the statements of profit and loss for the financial year from 1st January to 31st December 2019, 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 1st January to 31st December 2019

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 31st December 2019 and of its financial performance for the financial year from 1st January to 31st December 2019 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 appropriate presents the opportunities and risk of future requirement development.

Pursuant to section 322 (3) sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservation relating to the legal compliance of the annual financial statements and of the Management report.

Basis for the audit options

We conducted our audit of the annual financial statements and of the Management report in accordance with the Section 317 HGB and in compliance with German Generally Accepted Standards for Financials statements Audit promulgated by the Institut der Wirtschaftsprufer (IDW). Our responsibilities under those requirements and principles and further described in the “Auditor’s Responsibilities for the Audit of the Annual Financial Statements and 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 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 opinion on the annual financial statements and 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 and financial position of the 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 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 accessing the Company’s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to the going concern, in addition, they are responsible for the financial reporting based on the going concern basis of accounting, provided no actual 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 appropriate presents that opportunities and risk of future development. In addition, the executive directors are responsible for such arrangements and measured (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, compiles 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 management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and in compliance with German Generally accepted Standards for Financial Statements Audits promulgated by Institute der Wirtschaftsprufer (IDW) will always detect material misstatement. 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 decision 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 is 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 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 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 executive directors and the reasonableness of estimates made by 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 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 the 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 the internal control that we identify during our audit."

Subject, nature and scope of the audit

Subject of the audit

Our audit covered

- the accounting records,
- the annual financial statements (comprising the Balance Sheet, the statement of profit and loss and the notes to the financial statements), and
- the Management report of the Company.

The executive directors of the Company are responsible for the accounting records and the preparation of the annual financial statements and the Management report in accordance with German commercial law; this also applies to the information which was provided to us concerning these documents. Further information is provided in the section "Responsibilities of the Executive Directors for the Annual Financial Statements and the Management Report" in the above copy of our auditor's report.

Our responsibility is to express an opinion in these documents and this information based on our audit conducted with the professional auditing standards. Our responsibilities in this context are described in the sections "Audit Opinions" and "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" of our auditor's report.

Nature and scope of the audit

Our audit was based on the prior year's annual financial statements audited by us, on which we issued an unqualified Independent Auditor's Report dated 30 April 2019; these annual financial statements were adopted on 16 May 2019.

We conducted our audit in accordance with Sec. 317 HGB and with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprufer (IDW).

Concerning the main features of our audit approach, we refer to the section "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report' in the above copy of our auditor's report in chapter 3. In order to meet these requirements, we apply our risk and process based approach; for this purpose, we use our Engagement Management System (EMS) auditing software. It supports the planning, performing and documentation of the audit.

In accordance with Sec. 317 (4a) HGB, the scope of the audit does not include assurance on the future viability of the audited Company or on the effectiveness or efficiency with which the executive directors have conducted or will conduct the affairs of the Company.

We conducted the audit – with interruptions – in December 2019 (interim audit) and from January to April 2020 (year-end audit).

In accordance with our audit plan, we tested the appropriateness and, if applicable, the operating effectiveness of the identified controls relevant to the audit. Based on the results of these tests, we determined the nature and scope of our substantive procedures (substantive analytical procedures and teste of details of selected transactions and account balances). Tests of details were performed on the basis of judgmental selections of specific items and/or by applying sampling methods.

Our audit focused on:

- completeness and valuation of provisions, and
- substantiation and cut-off of revenue.

In order to assess the appropriateness of the Company's accounting records, as part of the interim audit, we obtained an overview of the organization of the accounting record and an understanding of the controls relevant to the audit, and performed appropriate teste of design and implementation, and operating effectiveness, in particular with regard to the relevant internal controls implemented.

The Company has outsourced its accounting function to Infosys Limited, Bangalore/India. To assess the appropriateness of the outsourced accounting function, we performed tests of controls at the service provider.

In auditing accounts receivable, bank balances and provisions, we requested external confirmations from selected customers as well as from all banks and selected lawyers and tax accountants of the Company concerning its debits, claims, rights, credits and obligations.

We did not request external confirmations of account payables recorded n lists of accounts balances at the Balance Sheet date because accounts payable were recorded, maintained and processed in such a way that they could be substantiated reliably by other means.

Considering the disclosures in the annual financial statements, we evaluated the prospective information in the Management report for the plausibility and consistency with our audit evidence in respect of the annual financial statements.

The executive directors provided all the information and evidence requested and on 13 April 2020 issued a written letter of representation in accordance with professional standards. In this letter of representations, the executive directors notably confirm that all transactions which require recognition in the accounting records are recorded in the books presented and that in compliance with the applicable accounting principles the annual financial statements reflect all assets, liabilities (obligations, risks, etc.), accruals and special items, all expenses and income as well as all required disclosures.

Findings and explanations on the financial reporting

Appropriateness of the financial reporting

Accounting records and other audited documents

The accounting records comply with the legal requirements including the German Legally required Accounting Principles. The information derived from the other audited documents is, in all material respects, appropriately presently within the accounting records, the annual financial statements and the Management report.

Annual financial statements

The annual financial statement for the financial year ended 31 December 2019 are enclosed as appendices 1.2 to 1.4 to this long-form audit report.

The annual financial statements have been properly derived from the accounting records and the other audited documents. The Company complies, in all material respects, with the legal requirements on classification, recognition and valuation and on the notes to the financial statements. The disclosures on the total remuneration of the executive directors have been omitted, as permitted by Sec. 286 (4) HGB.

Management Report

The Management report for the financial year ended 31 December 2019 is enclosed as appendix 1.1 to this long form audit report.

According to the results of our audit, the Management report complies, in all material respects, with German legal requirements.

Overall presentation of the annual financial statements

The annual financial statements taken as a whole i.e. the combined presentation of the Balance Sheet, the statement of profit and loss and the notes to the financial statements, give a true and fair view of the assets and liabilities, financial position and financial performance of the Company compliance with German Legally required Accounting Principles.

Information on the assets, liabilities, financial position and financial performance

Multi-year data overview

Particulars		2019	2018	2017	2016
Revenue	kEUR	64,946	86,197	90,312	75,369
Cost of materials	kEUR	32,712	50,570	47,478	31,440
Cost of materials to					
Operating income ratio	%	50.4%	58.7%	52.6%	41.7%
Personnel expenses	kEUR	23,956	26,444	29,449	35,919
Personnel expenses to					
Operating income ratio	%	36.9%	30.7%	32.6%	47.7%
Profit/loss for the period	kEUR	4,031	(439)	(1,214)	(6,244)
Trade receivables	kEUR	7,156	12,357	17,937	14,552
Equity	kEUR	4,617	2,086	(975)	239
Balance Sheet total	kEUR	17,517	23,012	27,786	26,363

Information on the economic and legal environment of the Company is provided in appendix 3 to this long-forum audit report.

Concluding remark

The above long-from report on our audit of the annual financial statements and of the Management report of Infosys Consulting GmbH, Garching near Munich/Germany, for financial year from 1 January to 31 December 2019 complies with legal requirements and the German Generally Accepted Standards for the issuance of Long-form Audit reports for the audit of Financial statements promulgated by the Institut der Wirtschaftsprufer(IDW) – Auditing Standard IDW AuS 450 (Revised).

Concerning the unqualified Independent Auditor's Report issued by is we refer to chapter 3 "copy of the Independent Auditor's report"

Munich/Germany, 13th April 2020

Deloitte GmbH

Wirtschaftsprufungsgesellschart

Signed: Franz Klinger
Wirtschaftsprufer
(German Public Auditor)

Signed: Marco Farrenkrof
Wirtschaftsprufer
(German Public Auditor)

Management report for the financial year 2019

I. General information about the Company

Infosys Consulting GmbH, hereinafter referred to as "IC Deutschland", is an entity of Infosys Consulting Holding AG. The parent company Infosys Consulting Holding AG, Kloten, is based in Switzerland and has numerous subsidiaries worldwide. IC Deutschland is included in the consolidated financial statements of Infosys Limited, Bangalore, India. IC Deutschland designs and implements value-adding solutions to optimally align and future-proof our customers' position in worldwide competition. In particular, this involves business process optimizations and IT transformations as well as measures supporting the Management of change, which take into account the respective corporate culture within the customer organizations and successfully operationalize business transformations. In the course of these transformation projects, IC Deutschland supports the entire value chain along the complete product life cycle; from product development, sales, purchasing, logistics, production and distribution through to after-sales and service. IC Deutschland supports its international customers starting with the analysis of vulnerabilities, the detection of optimization opportunities, the calculation of profitability as well as the re-design of strategy, organization, processes and IT systems, all the way to the responsible and fair implementation of restructuring and efficiency enhancement projects.

What sets IC Deutschland apart from the competition is, firstly, its very experienced, customer-orientated consultants with extensive expertise in their respective industries. Secondly, IC Deutschland offers optimum support in view of customers' digital agenda coupled with tried and tested IT solutions of Infosys Limited, particularly in the field of automation and artificial intelligence.

At IC Deutschland, process and IT experts work together closely. Their common objective to create value unites them in their daily project work on site at the customer's premises.

Infosys Limited and Infosys Consulting Group complement each other in a variety of ways. Consistent customer orientation as well as the inspiration to create value together with the customer unites both entities. To this end, both entities contribute essential characteristics to the Group, such as global presence, financial stability, innovative strength, optimum leverage of onsite, nearshore and offshore competence, global delivery model, sophisticated management and IT consulting as well as consultants with extensive experience in creating customer value. Above all, our geographical reach based on a global delivery model as well as the broad consulting and customer portfolio, which hardly gives room for overlap, offer outstanding differentiation and growth potential.

II. Economic report

1. Macroeconomic and industry-related framework conditions

The German economy in 2019

The German economy experienced growth for the tenth consecutive year. However, it has lost considerable momentum. Price-adjusted gross domestic product (GDP) increased by 0.6% in 2019. From a more long-term perspective, it emerges that German economic growth in 2019 is below the average of the past five years, during each of which price-adjusted GDP rose by around 2.0% on average.

Economic growth in 2019 was predominantly based on private and government spending. Gross fixed capital formation also grew in the past year, particularly in civil engineering, residential building and other plants, which, inter alia, includes capital investment in research and development. Export figures, too, showed a robust development in 2019. At +0.9%, however, their increase was weaker than in the prior years. In the aggregate, the GDP development in 2019 can be considered in two parts. While the service and the construction sectors predominantly experienced significant growth overall, economic activity in the manufacturing sector (excluding construction) – in particular the automotive sector – plummeted.

The information and communication service sectors (with particular relevance to IC Deutschland) and financial and insurance services also showed an above-average increase of +2.9% each.

(Source: BMWI [Federal Ministry of Economy and Energy] and Statistisches Bundesamt [Federal Statistical Office])
Consulting sector in 2019

The German consulting sector is following seamlessly in the successful footsteps of the past year. In 2018, revenue in the consulting sector grew by +7.3% to bEUR 33.8, with management consultants generating revenue growth for the ninth consecutive time. According to a survey conducted by the BDU (Federal Association of German Management Consultants) in March 2019, it is to be expected that 2019 will continue to be characterized by considerable growth of +7.1%.

In 2018, particularly strong demand for consulting services was recorded in the consumer goods and the insurance sectors, whereas the difficult market conditions were felt in vehicle construction. The public sector segment was exactly in line with the overall industry trend in 2018. Even though the BDU has not yet published final figures for 2019, we expect that the trends experienced in 2018 referred to above will generally continue in 2019.

(Source: BDU, Facts & Figures zum Beratermarkt 2019 [Facts & Figures on the Consulting Market 2018])

2. Business development

In the fiscal 2019 (with the financial year of IC Deutschland corresponding to the calendar year), IC Deutschland realized a marked decline in revenue when compared to the prior year. The financial year ended with revenue totaling mEUR 64.9 (prior year: mEUR 86.2). This corresponds to a drop of mEUR -21.3 (down by 24.7%) from the prior year, which is mainly attributable to the loss of a major client engagement.

Looking at 2019 as a whole, we continued to face a high level of competition. Digital transformation and the overall economic situation that remained positive continued to spur investment readiness among our customers in view of their digital agendas. As in the prior year, this again led to an even fiercer competition for talent, which continued to be also noticeable at IC Deutschland. On the one hand, the exodus of established consultants has been much less pronounced than in prior years; on the other, consulting firms have also continued to expand their capacities (Accenture, Cap Gemini, NTT Data, MHP).

In order to continue to improve the competitive position of IC Deutschland, its Europe-wide structure to gain market access (go-to market), which was introduced in 2017, will be pursued by launching so-called verticals (industry segments) and establishing service and supply units: so-called horizontals. On the other hand, performance management on the client side was also continued to be actively pursued, in the process of which we discontinued unprofitable projects in a targeted manner and adjusted profit targets for new projects, thus boosting profitability overall.

As new transformation projects could be secured with new customers particularly in the manufacturing and financial services industries, and consulting projects with our existing customers were expanded while new business segments were developed, capacity utilization was roughly at the prior year's level.

Recruiting new qualified staff in sufficient numbers has been of the most important and equally challenging tasks in the past calendar year.

In addition to our information and communication policy in force, and besides the intensive staff support provided by their 'coaches', the 'extra mile' and the 'Masters of Excellence' programs that were successfully launched in the prior year, continue to receive a high level of attention by the Management. Both programs have been very well received by the staff.

IC Deutschland's business development in the financial year 2019 was significantly better than budgeted, as despite an expected decrease in revenue, a further improvement in earnings was achieved. The improvement in earnings notably results from the reversal of provisions of kEUR 3,585.

3. Financial performance

In the financial year 2019, Infosys Consulting generated revenue of mEUR 64.9 (prior year: mEUR 86.2). This corresponds to a decline in revenue of mEUR -21.3 (prior year: mEUR -4.1 or -4.5%) or -24.7% when compared to the prior year. The fall in revenue exclusively relates to revenue with third parties, while intercompany revenue even showed an increase of mEUR 4.6 compared to the prior year.

Consulting services and auxiliary services accounted for mEUR 59.1 (prior year: mEUR 82.9) and mEUR 5.6 (prior year: mEUR 6.4) of the revenue, respectively. Germany accounted for 62.6% (prior year: 63.5%) of the revenue, while Europe made up 34.5% (prior year: 22.2%), with the remainder of 2.9% (prior year: 14.3%) being attributable to non-European countries.

Other operating income includes reversals of provisions amounting to mEUR 3.6 (prior year: mEUR 0.1).

Personnel expenses totaled mEUR 24.0 (prior year: mEUR 26.4), having decreased by mEUR 2.4 (down by 9.4%) compared to the prior year.

The cost of purchased services declined by mEUR 17.9 (down by 35.3%) to mEUR 32.7 compared to the prior year's mEUR 50.6.

Other operating expenses declined by mEUR 2.4 (down by 23.3%) from mEUR 10.2 to mEUR 7.8 in comparison with the prior year. This development is mainly due to a sharp decrease in expenses for employee travel costs. In general, other operating expenses could be reduced in respect of most positions. The significant reduction in other operating expenses, among other factors, formed the basis for the successful continuation of the consolidation process despite the substantial decrease in revenue in 2019.

Overall, the Company realized a profit for the period of mEUR 4.0 (prior year: loss for the period of mEUR 0.4) in the financial year ended December 31, 2019.

4. Assets and liabilities

As at December 31, 2019, the Company's equity amounted to mEUR 4.6 (prior year: mEUR 2.1 at a Balance Sheet total of mEUR 17.5 (prior year: mEUR 23.0). This sharp increase in equity could be achieved despite the partial repayment (in the amount of mEUR 1.5) of the Company's capital reserves.

The Balance Sheet total decreased by mEUR 5.5 year-on-year, with other assets declining by mEUR 0.4 in the reporting period. Receivables from affiliated companies, on the other hand, were up by mEUR 0.2, while trade receivables experienced a reduction of mEUR 5.2. Cash and cash equivalents as at December 31, 2019 were precisely at the prior year's level at mEUR 7.5. On the liabilities side, liabilities to affiliated companies and trade payables decreased by mEUR 2.8 and mEUR 1.6, respectively. Other provisions dropped by mEUR 2.8. Tax provisions, on the other hand, experienced an increase of mEUR 0.6 in the reporting period.

5. Financial position

The main objective of the financial management is to ensure the Company's solvency in order to meet its payment obligations on time and to reduce financial risks. The Company's capital requirements are generally to be covered by the funds generated from operating activities.

For the purpose of strengthening its financial performance, the Company had carried out a capital increase in the prior period. The shareholder's contribution to the capital reserves amounted to mEUR 3.5. This capital contribution was reduced by mEUR 1.5 to mEUR 2 in the reporting period. Further, the loan agreement concluded with the parent in the financial year 2016 continues to apply in order to compensate for any liquidity fluctuations the Company might experience. Under this loan agreement, a credit line of a maximum of mEUR 15.0 has been granted to the Company. In the reporting period as a whole, no funds were drawn under this credit line.

As at the reporting date, cash funds totaling mEUR 7.5 are at the prior-year level (mEUR 7.4).

Despite dire conditions in the past financial year, the Company's economic position can be described as overall stable according to the Management, taking into account the Company's assets, liabilities, financial position and financial performance. The stabilization and restructuring measures introduced in the financial year 2017 were continued in the reporting period. Further restructurings initiated in the reporting period are a precondition for the Company to generate profitable growth rates accompanied by significant revenue growth.

6. Financial and non-financial performance indicators

Profitability and performance of the Company were generally assessed based on the following performance indicators:

As regards revenue, we budgeted an amount ranging from mEUR 86 and mEUR 87 for the reporting period. With mEUR 65 realized, we unfortunately missed this target. This is notably due to the fact that a large project started in 2018 was interrupted for the time being and deferred. In addition, IC Deutschland had discontinued some non-profitable accounts in the course of the restructurings, which led to a decrease in revenue, which did not preclude, however, a positive adjustment of margins.

Having said that, we are still optimistic in view of our consolidation in the following financial year ending December 31, 2020, given that no further decrease in revenue is expected and we will be able to generate proceeds at the prior-year level. On the medium term, the Company follows a clear path of revenue growth.

At mEUR 4.4, earnings before taxes, by contrast, developed significantly more positive than the budgeted mEUR 0.3. This marked improvement in the profit for the period is firstly due to the mentioned focus on highly profitable projects and clients and secondly, due to the reversal of substantial provisions in 2019. Reducing non-project-related travel costs also constituted a matter of renewed focus for the Management in 2019. As the current realignment process the Company is experiencing will be continued to be vigorously pursued, we expect a further slight improvement of EBT ranging from mEUR 4.5 to mEUR 5 for the financial year 2020. We moreover refer to our explanations given in the outlook.

In terms of staff, we aim towards a total headcount of 230 by the end of the financial year. Even if our actual headcount totaled 175 as at December 31, 2019, we will maintain our objective of employing a total of 230 members of staff for the end of the fiscal 2020, since the revenue growth planned in the medium term can only be achieved with a sufficiently large number of qualified employees. This variance is due to a high level of employee turnover, particularly in the middle of the year and as a consequence of the decrease in revenue.

IC Deutschland takes the following approach in steering its present and future ordinary business operations:

- revenue and earnings planning per financial year (top-down and bottom-up) at project-and customer level as well as on an aggregated level within the context of industry segments (medium-term planning), and transitioning towards defined personal objectives for partners / associate partners;
- budget planning for the business development by industry segment (so-called verticals) and definition of individual capacity utilization targets per thematic focus (so-called horizontals);
- monitoring of revenue and profit development per month / quarter / half year, degree of target achievement distinguished by project, customer, industry segment, country / region;
- comparison of planned and actual revenue figures per project / customer / industry segment;
- active sales funnel management along the various phases / phase transitions in the sales process through to the closing of the contract and start of the project (in the GOM system);
- measurement of sales efficiency by contrasting compliance with the so-called customer account planning, the agreed business development budget for each individual sales opportunity or industry segment as well as the win/loss ratio;
- analysis of new orders and root-cause analysis for lost sales opportunities;
- monthly monitoring of invoicing and receipt of payment (effected and still open), including customer interaction triggered by the Account Partner;
- consistent monitoring of planned and realized billable employee utilization as well as utilization adjusted by time off;
- capacity utilization forecast per employee / community (technical, topic-specific assignment of employees according to areas of competence such as Strategy Transformation, Digital Transformation, Product Transformation, etc.);
- comparison of plan and actual recruiting targets and actual additional employees at the respective competence levels; analysis of employee turnover and rejections of job offers by consultants sought after;
- analysis and monitoring of project profitability (planned project margin versus current project margin, planned travel costs versus actual travel costs); and
- analysis and monitoring of non-project-related expenses (leasing, telephone costs, travel costs for internal activities such as community work, recruitment of employees, business development).

Moreover, we carry out so-called project health checks for larger and more significant client projects in order to identify project risks and take corrective measures at an early stage.

We consider the development of revenue and the profit for the period the most important financial performance indicators. In terms of non-financial performance indicators, the number of staff mainly determines the approach we adopt.

III. Reporting on opportunities and risks

Risks

The operational risk management of IC Deutschland focuses on:

- receivables management;
- potential capacity utilization risks and a dedicated resource planning process on a weekly and cross-country basis;
- identification of critical projects and measures to improve these;
- improvement of productivity and margins; and
- intensive staff support.

As in the prior years, the main performance risks lie in the following areas:

– from an internal perspective:

- the successful acquisition of new customers and sustainable development of existing customers;
- an efficient cost and project profitability management;
- the efficient management of employee secondments (e.g. posting employees from foreign firms and branches to Germany versus posting German consultants abroad – especially Switzerland); and

– from an external perspective:

- a fiercer competition through substantial expansion within the consulting market; and
- the perception of IC Deutschland as IT service provider as opposed to a management and transformation consultant.

In view of financial risks, IC Deutschland is in the position to draw on a solvent customer base. Bad debts on receivables have not yet been occurred to a significant extent. Moreover, we have been working with the majority of our customers for many years. Liabilities are settled within the agreed payment periods.

Depending on the duration and the extent of the related effects, the outbreak of the global COVID-19 pandemic presents a significant risk to the Company. Given the dynamic development, it is difficult to assess said risk conclusively. This risk is monitored as part of the Company's risk management. The macroeconomic risk arising from the COVID-19 pandemic and the resulting risk in terms of client or project loss is to be classified as considerable and is difficult to assess at the time the Management report was prepared. It is, however, monitored by maintaining close contact to all clients and mitigated within the means of the Company.

We do not see any other legal or other risks that may endanger the Company's business development.

Summary presentation of risks

The accumulation of individual or multiple risks, particularly the risks in connection with the COVID-19 pandemic, may have a significant adverse effect on, or even endanger the future development of the Company. In his overall assessment and according to the current state of knowledge, the managing director does not assume that the present risk situation casts significant doubt on the Company's ability to continue as a going concern.

Opportunities

The German economy continued to represent positive framework conditions for 2020, and we expect our customers to continue to invest in improving their financial profitability and productivity. This, however, depends on the influence of the COVID-19 pandemic referred to above. The topics Industry 4.0, digitalization and artificial intelligence / automation are in the process of taking very concrete forms, and Infosys Consulting, together with Infosys Limited, are excellently positioned in view of these challenges. Our capacities in the area of SAP S/4HANA have attracted particular interest in the industry segments life sciences/ pharma, the manufacturing sector and financial services, and are now being transferred to other business areas such as retail and energy. Here, our good corporation with SAP AG bears fruit. IC Deutschland has established an innovative consulting portfolio that in particular covers the field of AI/automation, which gained even more breadth and attractiveness through the integration with Infosys Limited. Our global presence will once again considerably improve our standing due to the global transformation programs.

Based on the initial situation described above, it is the objective of IC Deutschland to further expand its client base in the financial year 2020. By doing so, it continues to reduce the risk of dependency on few very large clients (or projects). In this context, the new and large transformation projects acquired in the financial year 2019 will make a valuable contribution to this end.

In addition, there are considerable opportunities for positive business development in 2020:

1. a positive economic environment for German companies, provided that the COVID-19 crisis can be overcome rapidly;
2. sustained demand for IT and SI services;
3. strong growth areas (digitization, artificial intelligence, SAP S/4 HANA);
4. expansion of the existing and new customer base through new segments (artificial intelligence and automation, digital, transformation);
5. expanded portfolio through intensified corporation with Infosys in the field of AI/automation; and
6. further expansion of the nearshore and global delivery model and a global client management.

IV. Outlook

According to economic analysts of the Institute for the World Economy (Institut für Weltwirtschaft, IfW), German economic activity gradually picked up some momentum again after a weak 2019 summer. After the IfW had predicted that in spite of a clouded international environment and the uncertainties as to future developments in economic policy as of mid-2020, the level of economic output would gradually recover while consumption-related services, in particular, were anticipated to experience a further expansion. It has now, given the repercussions of the spread of the COVID-19 and the associated economic shifts, adjusted its assessment. The IfW now expects that the German gross domestic product (GDP) will shrink by 0.1% in 2020 overall. Particularly the first two quarters should be marked by an economic downturn, whereas the IfW anticipates a positive development in the second half of 2020 in the form of a catching-up effect. However, the IfW is aware that its forecast is subject to significant uncertainties as it is based on the assumption that the events caused by the COVID-19 will abate as of mid-2020.

(Source: ifw-kiel.de; as of March 2020)

BITKOM had expected growth of the ITC market of +1.5 percent to bEUR 172.2 for 2020. Being the industry's largest segment with an expected revenue of bEUR 95.4 and growth of 2.7 percent, information technology will become all the more important. The software segment, too, is again expected to grow considerably with a volume of bEUR 27.6 (up by 6.4%). According to BITKOM, the market for IT services, including the project business and IT consulting, will also see an increase of 2.4 percent at a market volume of bEUR 41.9. Indeed, BITKOM, too, confirmed that the ITC industry would face an economic setback due to the first effects in the context of the COVID-19 in February 2020, even though BITKOM had derived a continuously positive mood from its surveys for February – and, thus, before the acute phase of the COVID-19 crisis. A new forecast by BITKOM for 2020 is currently not available.

(Source: www.bitkom.org)

From the Management's point of view, the standing of IC Deutschland as a high-quality consulting firm in the areas of management, transformation and IT consulting following a value integration approach remains a strategic opportunity. In mid-2019, the Infosys Knowledge Institute and the AI / Automation division were placed under the Management of Infosys Consulting. This underlines Infosys Group's ambition and will have a positive impact on the development of our Company.

Despite the current COVID-19 crisis, we anticipate revenue for our Company for the financial year 2020 to be on a par with the prior year. Shifts might occur within the individual quarters of the financial year. We nevertheless continue to deem our overall planning to be generally realistic. We do not expect the average daily rates for IT services to deteriorate further with talent in digital transformation and in view of SAP S4/4HANA reaching availability limits. Nearshoring (the provision of certain services by the Eastern European subsidiaries of IC Deutschland) will continue to make a significant contribution to our overall success, together with our dedicated Indian consulting team, which is exclusively assigned to our solution portfolio and works closely together with our account partners.

We expect profit for the year 2020 to improve slightly compared to the prior year as a result of the reorientation set into motion, which remains appropriate in the light of the current COVID-19 crisis.

In view of the development of human resources, we aim at a headcount of approximately 230 until the end of the financial year subject to the new business situation and an increase in order backlog.

Since, however, a realistic assessment of the final repercussions in the context of the COVID-19 crisis cannot yet be given and its duration can hardly be foreseen at this point, we do, of course, acknowledge that the objectives set out above for the financial year 2020 are subject to certain uncertainties.

Garching near Munich / Germany, April 13, 2020

Mark Livingston
Managing Director

Balance Sheet

	Particulars	EUR	EUR	As at December 31, 2019	Prior year
				EUR	kEUR
	Assets				
A.	Fixed assets				
	Property, plant and equipment				
	Other assets, operating and office equipment			174,869.99	239
B.	Current assets				
I.	Inventories				
	Work-in-progress		1,169.79		48
II.	Receivables and other assets				
1.	Trade receivables	7,155,850.03			12,357
2.	Receivables from affiliated companies	2,326,692.95			2,101
3.	Other assets	252,602.71			641
			9,735,145.69		15,099
III.	Cash-in-hand and bank balances		7,454,441.36		7,432
				17,190,756.84	22,579
C.	Deferred income			151,180.38	194
				17,516,807.21	23,012

Equity and liabilities

	Particulars	EUR	As at December 31, 2019	Prior year
			EUR	kEUR
A.	Equity			
I.	Subscribed capital	86,000.00		86
II.	Capital reserves	2,000,000.00		3,500
III.	Net retained profits	2,530,639.20		(1,500)
			4,616,639.20	2,086
B.	Provisions			
1.	Tax provisions	1,765,075.04		1,180
2.	Other provisions	7,024,949.53		9,781
			8,790,024.57	10,961
C.	Liabilities			
1.	Payments received on account of orders	300,001.50		300
2.	Trade payables	1,647,604.61		3,203
3.	Liabilities to affiliated companies	242,766.85		3,086
4.	Other liabilities	1,919,770.48		3,376
	thereof taxes: EUR 695,019.11 (prior year: kEUR 1,249)			
			4,110,143.44	9,965
			17,516,807.21	23,012

Statement of Profit and Loss

	Particulars	EUR	Year ended December 31, 2019	Prior year
			EUR	kEUR
1.	Revenue		64,946,457.04	86,197
2.	Decrease in work-in-progress		(47,050.52)	(10)
3.	Other operating income		4,038,725.07	692
4.	Cost of materials			
	Cost of purchased services		(32,712,248.09)	(50,570)
5.	Personnel expenses			
a)	Wages and salaries	(21,165,180.87)		(22,882)
b)	Social security and post-employment costs	(2,790,772.63)		(3,562)
			(23,955,953.50)	(26,444)
6.	Depreciation and write-downs of property, plant and equipment		(70,920.81)	(97)
7.	Other operating expenses		(7,799,412.20)	(10,171)
8.	Other interest and similar income		40.43	0
9.	Interest and similar expenses		(134.86)	(26)
10.	Income taxes		(368,898.00)	(10)
11.	Earnings after taxes		4,030,604.56	(439)
12.	Other taxes		–	–
13.	Profit for the period		4,030,604.56	(439)
14.	Accumulated losses brought forward		(1,499,965.36)	(1,061)
15.	Net retained earnings		2,530,639.20	(1,500)

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 (2) HGB.

With regard to the disclosure of emoluments paid to the Management, the Company makes use of the safeguard Clause under Section 286 (4) HGB.

The Statement of Profit and Loss has been prepared according to the nature of expense method in accordance with Section 275 (2) HGB.

In the reporting period, the Company partially repaid a capital contribution pursuant to Section 272 (2) no. 4 HGB in the amount of EUR 1,500,000 to the shareholder. Capital reserves amount to EUR 2,000,000.

II. Recognition and measurement policies

The annual financial statements for the year ended December 31, 2019 have been prepared in accordance with the recognition and measurement principles of the Third Book of the 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.

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 measured at production cost in accordance with Section 255 (2) HGB. Interest on borrowed capital is not capitalized. Work-in-progress is written down 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 nominal value.

The subscribed 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 judgment. Provisions with a term of up to one year have not been discounted.

Payments received on account of orders refer to advances 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 HGB. Profit and losses from exchange rate movements as at the Balance Sheet date are taken into account where the residual term is less than one year. If the residual terms are more than one year, exchange rate movements are taken into account to the extent that this results in a higher valuation of receivables or a lower valuation of liabilities.

III. Notes to the Balance Sheet

Assets

Fixed assets

The development in fixed assets is presented in the statement of movements in fixed assets (attached to the notes to the financial statements).

Current assets

Inventories

Inventories (work-in-progress) amounted to kEUR 1 (prior year: kEUR 48) 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 73 (prior year: kEUR 64) with a residual term of 51 months (prior year: 63 months) or 15 months.

Receivables from affiliated companies amount to kEUR 2,327 (prior year: kEUR 2,101) and include trade receivables of kEUR 2,324 (prior year: kEUR 1,661) as well as receivables relating to other matters of kEUR 3 (prior year: kEUR 440). The receivables were netted with the corresponding liabilities per company, leading to the respective surplus recognized as at 31 December 2019. 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 114 (prior year: kEUR 522), down payments of kEUR 39 (prior year: kEUR 0) and rent deposits amounting to kEUR 82 (prior year: kEUR 85).

Cash-in-hand and bank balances

Cash and cash equivalents consist almost entirely of bank balances, amounting to kEUR 7,454 (prior year: kEUR 7,432) at 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 carryforwards and valuation differences arising from the provisions for vacation.

Deferred tax liabilities are not disclosed.

Waiving the option to recognize deferred tax assets provided for under Section 274 (1) sentence 2 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), capital reserves (kEUR 2,000) and net retained profits, which developed as follows:

Particulars	kEUR
Accumulated losses brought forward as at January 1, 2019	(1,500)
Profit for the period 2019	4,031
Net retained profits as at December 31, 2019	2,531

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, and to provisions for income taxes.

Other provisions

Other provisions mainly include the following provisions:

The provisions for outstanding invoices relating to the subcontractor of kEUR 2,519 (prior year: kEUR 2,589), employee bonuses including partner bonuses of kEUR 2,312 (prior year: kEUR 1,852), outstanding vacation of kEUR 804 (prior year: kEUR 532), social security of kEUR 75 (prior year: kEUR 2,860) as well as provisions for outstanding employee travel costs of kEUR 457 (prior year: kEUR 583). Moreover, provisions for litigation costs and for consulting services have been made in the amount of kEUR 88 (prior year: kEUR 738) and kEUR 121 (prior year: kEUR 225), respectively. All other provisions are expected to be due within one year.

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 192 (prior year: kEUR 2,713) and liabilities relating to other matters of kEUR 51 (prior year: kEUR 373). As in the prior year, the Company does not have any loan liabilities to the shareholder. In contrast to the prior year (EUR 26,817.67), the Company does not disclose any trade payables to the shareholder as at December 31, 2019.

Other liabilities mainly include the following positions:

Liabilities from taxes in the amount of kEUR 695 (prior year: kEUR 1,249) and liabilities from customer bonuses totaling kEUR 1,199 (prior year: kEUR 2,119).

IV. Notes to the Statement of Profit and Loss

The Statement of Profit and Loss has been prepared according to the nature of expense method.

Revenue can be broken down as follows:

Region	2019 (in kEUR)	in %	2018 (in kEUR)	in %
Germany	40,628	62.6	54,774	63.5
Europe (sundry)	22,382	34.5	19,121	22.2
America	313	0.5	329	0.4
Asia	1,534	2.3	10,052	11.7
Australia	89	0.1	1,890	2.2
Africa	–	–	30	–
Total	64,946	100.0	86,197	100.0

Consulting services account for kEUR 59,058 of the revenue, while an amount of kEUR 5,583 relates to costs passed on, particularly travel costs, and kEUR 305 to other revenue (management fees).

Other operating income amounting to kEUR 4,039 (prior year: kEUR 692) largely comprises income for the reversal of provisions of kEUR 3,585 (prior year: kEUR 76), income from the private use of vehicles of kEUR 159 (prior year: kEUR 239) and income from foreign currency measurement of kEUR 246 (prior year: kEUR 368).

In total, the income relating to other accounting periods in other operating income in the financial year amounts to kEUR 3,630 (prior year: kEUR 76).

The cost of purchased services by subcontractors amounted to kEUR 32,712 (prior year: kEUR 50,570) in the reporting period.

Personnel expenses declined from kEUR 26,444 to kEUR 23,956.

Other operating expenses of kEUR 7,799 (prior year: kEUR 10,171) mainly comprise travel costs amounting to kEUR 3,104 (prior year: kEUR 4,531), vehicle costs of kEUR 357 (prior year: kEUR 466), other personnel expenses of kEUR 1,994 (prior year: kEUR 1,683) and cost allocations of other entities of the group totaling kEUR 391 (prior year: kEUR 593). Moreover, consulting costs of kEUR 620 (prior year: kEUR 918), costs of premises totaling kEUR 348 (prior year: kEUR 393), telephone/communication costs of kEUR 303 (prior year: kEUR 414) and expenses relating to foreign currency measurement totaling kEUR 250 (prior year: kEUR 415) were incurred.

Other operating expenses do not include any expenses relating to other periods (prior year: kEUR 38).

Taxes on income resulted in a tax expense in the amount of kEUR 369 (prior year: EUR 10) in the reporting period.

In the aggregate, the Company generated a profit for the period of kEUR 4,031 (prior year: loss for the period of kEUR 439). It is planned to transfer an amount of kEUR 1,000 of net retained profits as at the reporting date of December 31, 2019 to the parent as distribution of profit. The remainder of net retained profits is to be carried forward to the following financial year.

V. Other disclosures

Other financial commitments

As at December 31, 2019, the Company has other financial commitments relating to car lease contracts (kEUR 68; prior year: kEUR 179), tenancy agreements for office premises and apartments (kEUR 1,060; prior year: kEUR 1,246) totaling kEUR 1,128 (prior year: kEUR 1,425). Of these commitments, kEUR 336 relate to the financial year 2020, while kEUR 792 relate to the years 2021 until 2024. There are no commitments beyond this period. According to management, the Company's other financial commitments do not pose any 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.

Workforce

The Company's workforce comprised 175 (prior year: 214) members of staff on the annual average. This number includes an average of 162 (prior year: 201) consultants and 13 (prior year: 14) administrative employees.

Management

From November 2015 to October 2, 2019 (date of shareholder resolution): Michael Dietz, consultant

Since June 6, 2019 (date of shareholder resolution): Mark Livingston, consultant

Significant company agreements

An open-ended loan agreement with a credit line of a maximum of kEUR 15,000 has been concluded between the Company and the shareholder. At present the Company has not made any drawdowns from this facility.

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, Bangalore, India, which prepares the 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 US 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 2019 relates to expenses for audit services totaling kEUR 25.

Report on post-Balance Sheet date events

At the beginning of the financial year 2020, the COVID-19 pandemic had spread, which did not have any significant financial impact on the Company until the time of preparation of the present financial statements. For further information, please refer to the relevant reporting in the Management report.

We are not aware of any other material events taking place after the end of the financial year within the meaning of Section 289 (2) HGB.

Garching near Munich / Germany, April 13, 2020

Mark Livingston

Managing Director

Movements in fixed assets in the financial year 2019

Appendix to the notes

Particulars	Acquisition and production cost				Accumulated amortization, depreciation and write-downs				Book value	
	January 1, 2019	Additions	Disposals	December 31, 2019	January 1, 2019	Additions	Disposals	December 31, 2019	December 31, 2019	December 31, 2018
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Other assets, operating and office equipment	749,773.07	6,804.95	0.00	756,578.02	510,787.22	70,920.81	0.00	581,708.03	174,869.99	238,985.85

Infosys Technologies (Shanghai) Co. Limited

Auditor's Report

The Board of Directors of Infosys Technologies (Shanghai) Co. 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, 2019, the statement of income, the statement of cash flow, 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, 2019, 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 skepticism 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
21 May 2020

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	Note VIII	As at December 31	
		2019	2018
Assets			
Current assets			
Cash and bank balances	1	6,882,292.22	34,684,454.05
Accounts receivable	2	64,422,060.83	58,954,156.35
Prepayments		–	48,138.34
Other receivables	3	3,404,078.40	2,981,747.75
Other current assets	4	–	14,815,701.23
Total current assets		74,708,431.45	111,484,197.72
Non-current assets			
Fixed assets	5	771,080,699.04	655,309,052.61
Construction in progress	6	409,233.55	155,683,429.27
Intangible assets	7	58,883,244.74	60,291,180.39
Long-term deferred expenses	8	15,467,273.79	23,608,209.67
Total non-current assets		845,840,451.12	894,891,871.94
Total Assets		920,548,882.57	1,006,376,069.66
Liabilities and owners' equity			
Current liabilities			
Short-term loans	9	84,881,000.00	84,383,743.28
Accounts payable		56,431,060.71	43,430,182.53
Employee benefits payable	10	34,460,430.73	29,473,665.45
Taxes payable	11	4,731,092.57	5,124,393.68
Other payables		72,232,463.24	74,902,043.49
Non-current liabilities due within one year	12	1,284,120.00	1,284,120.00
Other current liabilities		7,653,732.04	7,545,910.25
Total current liabilities		261,673,899.29	246,144,058.68
Non-current liabilities			
Other non-current liabilities	12	40,422,896.00	41,707,016.00
Total non-current liabilities		40,422,896.00	41,707,016.00
Total liabilities		302,096,795.29	287,851,074.68
Owners' equity			
Paid in capital	13	956,355,558.48	956,355,558.48
Accumulated losses		(337,903,471.20)	(237,830,563.50)
Total owners' equity		618,452,087.28	718,524,994.98
Total liabilities and owners' equity		920,548,882.57	1,006,376,069.66

The accompanying notes form part of the financial statements.

Stone Zhu
Legal representative

Subrata Das
Head of Accounting Department

Statement of Income

In RMB

Items	Note VIII	Year ended December 31,	
		2019	2018
I. Operating income	14	395,089,657.76	359,042,800.00
Less: Operating costs		441,569,081.28	405,535,378.57
Taxes and surcharges		7,391,182.37	–
Administrative expenses		42,640,209.92	48,209,652.43
Selling expenses		3,968,406.83	1,056,507.51
Financial expenses	15	4,594,847.95	5,227,357.73
Add: Other income	16	5,181,731.94	3,176,989.46
Impairment losses of assets	17	(173,420.89)	1,317,144.17
Impairment losses on disposal of assets		(7,148.16)	–
II. Operating loss		(100,072,907.70)	(96,491,962.61)
III. Total loss		(100,072,907.70)	(96,491,962.61)
Less: Income tax expense	18	–	–
IV.Net loss for the year		(100,072,907.70)	(96,491,962.61)
V. Other comprehensive loss, net of tax		–	–
VI.Total comprehensive loss for the year		(100,072,907.70)	(96,491,962.61)

The accompanying notes form part of the financial statements.

Statement of Cash Flows

In RMB

Particulars	Note VIII	Year ended December 31,	
		2019	2018
I. Cash Flows from Operating Activities			
Cash receipts from the sale of goods and the rendering of services		408,046,012.94	412,046,064.32
Receipts of tax refunds		4,052,541.96	–
Proceeds from other operating activities		4,609,602.50	3,808,357.24
Sub-total of cash inflows from operating activities		416,708,157.40	415,854,421.56
Payments for goods purchased and services received		33,210,718.74	43,645,090.35
Payments to and on behalf of employees		362,595,946.84	322,492,913.74
Payments of various types of taxes		12,849,666.07	11,154,629.84
Other cash payments relating to operating activities		26,243,423.10	47,874,177.48
Sub-total of cash outflows from operating activities		434,899,754.75	425,166,811.41
Net Cash Flow used in Operating Activities	20	(26,158,474.38)	(9,312,389.85)
II. Cash Flows from Investing Activities			
Payments for acquisition of fixed assets and other long-term deferred expenses		9,679,548.08	3,606,483.83
Sub-total of cash outflows from investing activities		9,679,548.08	3,606,483.83
Net Cash Flow used in Investing Activities		(9,679,548.08)	(3,606,483.83)
III . Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		68,983.60	303,665.03
IV . Net Increase (Decrease) in Cash and Cash Equivalents	20	(27,802,161.83)	(12,615,208.65)
Add: Opening balance of Cash and Cash Equivalents		34,684,454.05	47,299,662.70
V . Closing Balance of Cash and Cash Equivalents	20	6,882,292.22	34,684,454.05

The accompanying notes form part of the financial statements.

Statement of Changes in Owner's Equity

In RMB

Particulars	Year ended December 31,		
	Paid-in capital	Accumulated losses	Total owners' equity
I. Balance at 1 January 2019	956,355,558.48	(237,830,563.50)	718,524,994.98
II. Changes in equity during the year			
(1) Total comprehensive income	–	(100,072,907.70)	(100,072,907.70)
III. Balance at 31 December 2019	956,355,558.48	(337,903,471.20)	618,452,087.28
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	–	(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

The accompanying notes form part of the financial statements.

I. Basic information

Infosys Technologies (Shanghai) Co., Ltd. ("the Company"), is a Limited Liability Company established in Shanghai in the People's Republic of China (PRC). The Company obtained an approval certificate Shang Wai Zi Hu Ming Du Zi Zi [2011] 0512 from the Shanghai Municipal Government on February 16, 2011, and a business license 310000400643765 (Minhang) on February 21, 2011 issued by Shanghai Administration of Industry and Commerce of the PRC. The parent and ultimate holding company is Infosys Limited (formerly Infosys Technologies Limited).

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 license 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 assessed the Company's ability to continue as a going concern for the 12 months commencing from December 31, 2019, 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, 2019, 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 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 group 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.

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	Useful life	Estimated net residual value rate	Annual depreciation rate
Buildings	25 years	0%	4%
Computer equipment	2-5 years	0%	20%-50%
Office equipment	2-5 years	0%	20%-50%

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:

Category	Amortization period
Land use right	50 years

9. Long-term deferred expenses

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

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

12.1. Income from rendering of services

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.

A government grant related to an asset is recognized as deferred income and included in profit or loss over the useful life of the related asset.

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 income tax and deferred income tax.

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 judgments, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainty of the operating activities. These judgments, 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 judgments, 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 235,055,322.99 of deductible losses as deferred tax assets at the end of this year according to Note VIII. 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.Changes in accounting policy

The Company started adopting the Notice of the Revised Format of 2019 Financial Statements for General Business Enterprise (Cai Kuai (2019) No. 6, hereinafter referred to as the "Cai Kuai No.6 Document") released by the MoF on April 30, 2019 since the preparation of financial statements for the year of 2019. Cai Kuai No.6 Document revised the presenting accounts in the Balance Sheet and income statement, split "Notes and Accounts Receivable" into "Notes receivable" and "Accounts receivable", and split "Notes and Accounts Payable" into "Notes payable" and "Accounts payable", specified or revised the presenting contents of "Non-current assets due within one year" "Deferred income", "Other equity instruments", "Research and Development Expenditure", "Interest Income" "Other Income", and "Income from disposal of assets", under "Financial expenses", "Non-operating income" and "Non-operating income" and adjusted the presenting location of " Loss from impairment of assets", and specified presenting content of the line item of "capital contribution from other equity holder. The Company has accounted for the above changes in presenting accounts retrospectively, and adjusted comparable data for prior year.

VII. Taxation

Value-added tax

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

Based on the zero VAT rate policy, the oversea revenue of the Company is exempted from VAT.

Income tax

The statutory income tax rate of the Company is 25% (in 2018: 25%). The Company has cumulative operating loss as at December 31, 2019. Therefore, no income tax is provided.

Other taxes

Urban maintenance and construction tax is levied at 5% of the VAT actually paid.

Educational surcharge is levied at 3% of the VAT actually paid.

Local educational tax is levied at 2% of the VAT actually paid.

VIII. Notes to the financial statements

1. Cash and bank balances

In RMB

Particulars	As at December 31,	
	2019	2018
Deposits with banks	6,882,292.22	34,684,454.05

2. Accounts receivable

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

In RMB

Particulars	As at December 31,	
	2019	2018
Amounts due from related parties	44,497,484.18	33,044,144.99
Amounts due from other customers	20,245,701.06	26,057,584.79
Less: Bad debt provision	(321,124.41)	(147,573.43)
Total	64,422,060.83	58,954,156.35

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

In RMB

Aging	As at December 31,							
	2019				2018			
	Amount	Ratio (%)	Bad debt provision	Book value	Amount	Ratio (%)	Bad debt provision	Book value
Within 1 year	64,436,332.15	99.5	(56,275.19)	64,380,056.96	58,690,502.37	99.3	(105,285.75)	58,585,216.62
1 to 2 year	23,496.94	0.04	–	23,496.94	411,227.41	0.7	(42,287.68)	368,939.73
2 to 3 year	283,356.15	0.44	(264,849.22)	18,506.93	–	–	–	–
Total	64,743,185.24	100	(321,124.41)	64,422,060.83	59,101,729.78	100	(147,573.43)	58,954,156.35

(3) The analysis of the movements of bad debt provision for accounts receivable is as follows:

In RMB

Particulars	As at December 31,	
	2019	2018
Opening balance	147,573.43	1,464,593.90
Provision during the year	321,158.32	147,573.43
Reversal	(147,737.43)	(1,464,717.60)
Exchange difference	130.09	123.7
Closing balance	321,124.41	147,573.43

3. Other receivables

The ageing analysis of other receivables is as follows:

In RMB

Aging	As at December 31,							
	2019				2018			
	Amount	Ratio (%)	Bad debt provision	Book value	Amount	Ratio (%)	Bad debt provision	Book value
Within 1 year	868,305.40	25.5	–	868,305.40	2,445,974.75	82	–	2,445,974.75
1 to 2 years	2,000,000.00	58.8	–	2,000,000.00	57,610.00	1.93	–	57,610.00
2- 3 years	57,610.00	1.69	–	57,610.00	127,820.00	4.29	–	127,820.00
More than 3 years	478,163.00	14.1	–	478,163.00	350,343.00	11.8	–	350,343.00
Total	3,404,078.40	100	–	3,404,078.40	2,981,747.75	100	–	2,981,747.75

4. Other current assets

In RMB

Particulars	As at December 31,	
	2019	2018
Input VAT to be deducted	–	14,815,701.23

5. Fixed assets

In RMB

Particulars	Electronic equipment	Office equipment	Buildings	Total
Cost				
January 1, 2019	23,229,667.75	26,146,125.17	682,542,213.84	731,918,006.76
Additions during the year	630,291.92	67,043,396.59	89,313,178.26	156,986,866.77
Disposals during the year	(15,860.00)	(266,492.61)	–	(282,352.61)
Balance at 31 December 2019	23,844,099.67	92,923,029.15	771,855,392.10	888,622,520.92
Accumulated depreciation				
January 1, 2019	(10,108,268.21)	(11,897,531.11)	(54,603,154.83)	(76,608,954.15)
Increase for the year	(4,787,190.00)	(8,226,061.88)	(28,194,820.30)	(41,208,072.18)
Decrease for the year	15,860.00	259,344.45	–	275,204.45
Balance at 31 December 2019	(14,879,598.21)	(19,864,248.54)	(82,797,975.13)	(117,541,821.88)
Carrying amounts				
December 31, 2019	8,964,501.46	73,058,780.61	689,057,416.97	771,080,699.04
December 31, 2018	13,121,399.54	14,248,594.06	627,939,059.01	655,309,052.61

6. Construction in progress

In RMB

Balance at January 1,2018	154,767,078.02
Additions during the year	916,351.25
Balance at 31 December 2018	155,683,429.27
Additions during the year	1,715,591.40
Transfer to fixed assets	(156,986,866.77)
Other transfer out	(2,920.35)
Balance at 31 December 2019	409,233.55

7. Intangible assets

Land use right In RMB

Cost	
Balance at 1 January 2018, 31 December 2018 and 31 December 2019	70,540,000.00
Accumulated amortization	
1 January 2018	(8,837,979.70)
Charge for the year	(1,410,839.91)
31 December 2018	(10,248,819.61)
Charge for the year	(1,407,935.65)
Balance at 31 December 2019	(11,656,755.26)
Carrying amounts	
31 December 2019	58,883,244.74
31 December 2018	60,291,180.39

8. Long-term deferred expenses

In RMB

Particulars	As at December 31,	
	2019	2018
Leasehold improvement	496,699.73	1,152,348.57
Building decoration	14,970,574.06	22,455,861.10
Total	15,467,273.79	23,608,209.67

9. Short-term loans

In RMB

Particulars	As at December 31,	
	2019	2018
Unsecured loans	84,881,000.00	84,383,743.28

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 34,881,000.00), bearing interest per annum at 6.00%, since January 1, 2018, it has been adjusted to 3.50%. The term of loan was one year. It was due on May 17, 2018, and was extended to May 17, 2019 and then to May 17, 2020.

Short-term loans also include 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 originally due in 2018 and then was extended until the lender requires repayment.

10. Employee benefits payable

In RMB

Item	As at January 1, 2019	Provision for the year	Payment in the year	As at December 31, 2019
Wages or salaries, bonus, allowances, subsidies	29,473,665.45	298,753,085.16	(293,766,319.88)	34,460,430.73
Social security contributions	–	19,377,069.15	(19,377,069.15)	–
Including: Medical insurance	–	16,802,999.90	(16,802,999.90)	–
Unemployment insurance	–	614,789.03	(614,789.03)	–
Maternity and work injury insurance	–	1,959,280.22	(1,959,280.22)	–
Defined contribution plans (Note)	–	35,357,977.71	(35,357,977.71)	–
Housing funds	–	14,094,580.10	(14,094,580.10)	–
Total	29,473,665.45	367,582,712.12	(362,595,946.84)	34,460,430.73

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 16%, 16% and 14%, in Shanghai, Nanjing 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

Particulars	As at December 31,	
	2019	2018
Individual income tax	488,754.89	993,514.03
Housing tax	3,566,929.92	3,767,321.00
Withholding income tax and VAT	559,790.91	363,558.65
VAT	115,616.85	–
Total	4,731,092.57	5,124,393.68

12. Non-current liabilities due within one year and other non-current liabilities

Subsidy payments In RMB

Cost	
Opening and closing balance	48,966,000.00
Accumulated amortization	
Opening balance	(5,974,864.00)
Charge for the year	(1,284,120.00)
Closing balance	(7,258,984.00)
Carrying amount	
Closing balance	41,707,016.00
Opening balance	42,991,136.00

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 center of the Company, which is a government grant related to assets. As at December 31, 2019 and December 31, 2018, 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$1 150,000,000.00. As at December 31, 2019, the contribution by the investor according to the Articles of Association is as follows:

Particulars	As at December 31,					
	2019			2018		
	USD	Ratio	Equivalent to	USD	Ratio	Equivalent to
		%	RMB		%	RMB
	149,600,000.00	100	956,355,558.48	149,600,000.00	100	956,355,558.48

14. Operating income

In RMB

Particulars	Year ended December 31,	
	2019	2018
Income from principal activities		
Rendering of services	394,657,459.00	357,485,448.19
Other operating income		
Rental income	432,198.76	1,557,351.81
Total	395,089,657.76	359,042,800.00

15. Financial expenses

In RMB

Particulars	Year ended December 31,	
	2019	2018
Interest expenses	(279,791.80)	(358,135.97)
Interest income	4,251,005.71	4,202,780.25
Exchange gains (losses)	623,634.04	1,382,713.45
Total	4,594,847.95	5,227,357.73

16. Government grants

In RMB

Particulars	Year ended December 31,	
	2019	2018
Technological support subsidy	1,284,120.00	1,284,120.00
Development zone supporting fund	2,600,000.00	1,200,000.00
Special fund returns	–	689,705.20
Training subsidy	469,700.00	–
Export subsidy	420,000.00	–
Refund of service charge for withholding and remit individual income tax	193,035.38	–
10% additional deduction of VAT input of Service Industry	181,548.63	–
Subsidy for disabled employment	33,327.93	–
Others	–	3,164.26
Total	5,181,731.94	3,176,989.46

17. Impairment losses of assets

In RMB

Particulars	Year ended December 31,	
	2019	2018
Bad debt losses	173,420.89	(1,317,144.17)

18. Income tax expense

In RMB

Particulars	Year ended December 31,	
	2019	2018
Current income tax expenses	–	–
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, 2019 amounting to RMB 235,055,322.99 is not recognized. Among the accumulated deductible losses, RMB 8,436,534.33, RMB 40,620,742.52, RMB 96,799,379.30 and RMB 89,198,666.84 will expire in 2021, 2022, 2023, and 2024 respectively.

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

In RMB

Particulars	As at December 31,	
	2019	2018
Accounting losses	(100,072,907.70)	(96,491,962.61)
Expected income tax expense at tax rate of 25%	(25,018,226.93)	(24,122,990.65)
Tax effect of non-deductible expenses	96,480.98	49,702.36
Unused deductible loss	22,299,666.72	24,073,288.29
Temporary differences for deferred tax assets not recognized	2,622,079.23	–
Income tax expense	–	–

19. Supplement to statement of income

Expenses in the income statement are analyzed by their nature:

In RMB

Particulars	Year ended December 31,	
	2019	2018
Employee benefits expenses	382,473,047.66	320,797,596.55
Depreciation and amortization expenses	50,756,943.71	57,163,664.62
Rental payments	3,176,425.99	2,842,120.59
Financial expense	4,594,847.95	5,227,357.73
Other expenses	51,771,280.67	72,681,012.58
Total expenses	492,772,545.98	458,711,752.07

20. Supplement to cash flow statement

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

In RMB

Particulars	Year ended December 31,	
	2019	2018
Net loss	(100,072,907.70)	(96,491,962.61)
Add: (Reverse) Provisions on bad debt	173,420.89	(1,317,144.17)
Depreciation of fixed assets	41,208,072.18	36,654,193.48
Financial expenses	4,679,408.92	5,606,211.96
Amortization of intangible assets	1,407,935.65	1,410,839.91
Amortization of technological support subsidy	(1,284,120.00)	(1,284,120.00)
Amortization of long-term deferred expenses	8,140,935.88	19,098,631.23
Increase in accrued expenses	7,148.16	–
Decrease (Increase) in operating receivables	(6,015,647.77)	35,306,950.38
Increase (Decrease) in operating payables	25,597,279.41	(8,295,990.03)
Net cash flow from operating activities	(18,191,597.35)	(9,312,389.85)

(2) Net change in cash and cash equivalents

In RMB

Particulars	As at December 31,	
	2019	2018
Cash and cash equivalents at the end of the year	6,882,292.22	34,684,454.05
Less: Cash and cash equivalents at the beginning of the year	34,684,454.05	47,299,662.70
Net increase / (decrease) in cash and cash equivalents	(27,802,161.83)	(12,615,208.65)

IX.Related party relationships and transactions

(1) Information about the parent company of the Company is as follows:

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

(2) The following are other related parties which have transactions with the Company while no control relationship exists:

Name	Relationship with the 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
Infosys Technologies S.De.R.L	Controlled by the same parent company

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

(a) Sales and purchase

The details of sales and purchases between the Company and its related parties are as follows:

In RMB

Particulars	Year ended December 31,	
	2019	2018
Sales		
Infosys Technologies (China) Co. Limited	294,232,291.79	229,878,613.01
Infosys Limited	73,437,345.71	73,293,694.82
Infosys Technologies S.De.R.L	2,905,589.33	–
Infosys Public Services Inc	–	432,501.07
	370,575,226.83	303,604,808.90
Purchases		
Infosys Technologies (China) Co. Limited	13,011,438.85	26,133,524.59
Infosys Limited	6,752,579.76	7,564,973.02
	19,764,018.61	33,698,497.61

(b) Loans and borrowings

The details of loans and borrowings between the Company and related parties are as follows:

In RMB

Particulars	Incurred amount in 2019	As at December 31, 2019	Incurred amount in 2018	As at December 31, 2018	Annual interest rate
Borrowings from					
Infosys Poland Sp. z o.o.	–	34,881,000.00	–	34,383,743.28	3.50%
Infosys Technologies (China) Co. Limited	–	50,000,000.00	–	50,000,000.00	6.00%
	–	84,881,000.00	–	84,383,743.28	

Note:

In 2017, the Company borrowed from Infosys Poland Sp. z o.o. US$ 5,000,000.00, bearing interest at 6% per annum, since January 1, 2018, it has been adjusted to 3.50%. It was originally due on May 17, 2018, and was then extended to May 17, 2020. 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% per annum and it was originally due on May 11, 2018 and then was extended until the lender requires repayment. In 2017, the Company also borrowed from Infosys Technologies (China) Co. Limited RMB 35,000,000.00, bearing interest at 6% per annum. It was originally due on July 27, 2018 and then was extended until the lender requires repayment.

In RMB

Particulars	Year ended December 31,	
	2019	2018
Interest expenses		
Infosys Poland Sp. z o.o.	1,251,005.71	1,202,780.25
Infosys Technologies (China) Co. Limited	3,000,000.00	3,000,000.00
	4,251,005.71	4,202,780.25

(c) Amounts due to / from related companies

In RMB

Accounts	Name of the related parties	As at December 31,	
		2019	2018
Accounts receivable	Infosys Technologies (China) Co. Limited	34,610,991.87	26,730,978.47
	Infosys Limited	7,017,448.09	6,313,166.52
	Infosys Public Services Inc	2,869,044.22	–
		44,497,484.18	33,044,144.99
Accounts payable	Infosys Technologies (China) Co. Limited	51,354,550.05	37,562,424.89
	Infosys Limited	5,076,510.66	5,867,757.64
		56,431,060.71	43,430,182.53
Other payables	Infosys Poland Sp. z o.o.	3,794,861.65	2,464,589.47
	Infosys Technologies (China) Co. Limited	7,490,958.91	4,490,958.91
		11,285,820.56	6,955,548.38

X. Financial instruments and risk management

The Company's major financial instruments include accounts receivable, other receivables, accounts payable, other payables and short-term loans. Details of these financial instruments are disclosed in Note VIII. 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 analyze 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 analyze 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.

1.1 Market risk

1.1.1 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, 2019, 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,	
	2019	2018
Cash and bank balances	2,539,913.31	5,880,843.28
Accounts receivable	9,822,371.44	7,662,526.37
Short-term loans	(34,881,000.00)	(34,383,743.28)
Interest payable	(3,794,861.65)	(2,464,589.47)
Accounts payable	(4,489,137.82)	(5,774,077.64)
	(30,802,714.72)	(29,079,040.74)

Sensitivity analysis on currency risk

The assumption for the sensitivity analysis on currency risk is that all hedges of net investments in foreign operations and the cash flow hedges are highly effective.

On the basis of the above assumption, where all other variables are held constant, the reasonably possible changes in the foreign exchange rate may have the following pre-tax effect on the profit or loss for the period and owners' equity:

In RMB

Item	Changes in exchange rate	2019		2018	
		Effect on profit	Effect on Owners' equity	Effect on profit	Effect on owners' equity
Foreign currencies	10% increase against RMB	(3,080,271.47)	(3,080,271.47)	(2,907,904.07)	(2,907,904.07)
Foreign currencies	10% decrease against RMB	3,080,271.47	3,080,271.47	2,907,904.07	2,907,904.07

1.2 Credit risk

As at December 31, 2019, 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.

1.3 Liquidity risk

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.

XI. 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 is 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.

XII. Commitments

(1) Capital commitments

In RMB

Particulars	As at December 31,	
	2019	2018
Capital commitments that have been entered into but have not been performed:		–
Contracts for construction of building	389,073.21	
Contracts for purchasing equipment	–	–
Contracts for leasehold improvement	–	1,165,399.10
	389,073.21	1,165,399.10

(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,	
	2019	2018
Within 1 year	3,752,087.23	2,997,517.52
1 to 2 years	1,079,844.48	2,429,414.23
Over 2 years	738,840.96	–
Total	5,570,772.67	5,426,931.75

XIII. Comparative data

Partial comparative data for 2018 in the financial statements has been reclassified according to the presentation format for 2019.

XIV. Other matters

From January 1, 2020, the Company will start to adopt the revised "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments", "Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets" and "Accounting Standards for Business Enterprises No. 24 - Hedging Accounting" released by the MoF in March 2017, the revised "Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments" released in May 2017, and the revised "Accounting Standards for Business Enterprises No. 14 – Revenue" released in July 2017.

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Infosys Consulting AG

Financial Statements for the year ended
December 31, 2019 and Report of the Statutory Auditor

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, 2019, 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, 2019 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 2018 held on

May 8, 2019 approved the distribution of a dividend amounting to CHF 2,500,000. This decision differed from the audited Board of Directors' proposed appropriation of available earnings of December 31, 2018. An auditor's confirmation of compliance with Swiss law and the Company's articles of incorporation was not obtained for the distribution approved by the General Meeting as required by Article 728a paragraph 1 item 2 CO. However, we note that according to the audited financial statements of December 31, 2018, sufficient available earnings existed to comply with the shareholders' decision.

We draw attention to the fact that the extraordinary General Meeting held on August 5, 2019 approved the distribution of a dividend amounting to CHF 6,000,000. This decision was made without the auditor's confirmation of compliance with Swiss law and the Company's articles of incorporation as required by article 728a paragraph 1 item 2 CO. This is a breach of article 731 CO..

Deloitte AG

Marco Hoogendijk	Beni Furrer
Licensed Audit Expert	Licensed Audit Expert
Auditor in Charge	

Zurich, March 31, 2020
MHO/BFU/cbr

Enclosures

- Financial statements (Balance Sheet, income statement and notes)
- Proposed appropriation of available earnings

Balance Sheet

Amount in CHF

Particulars	Note no.	As at December 31,	
		2019	2018
Assets			
Cash and cash equivalents		6,877,752.79	5,827,986.18
Receivables from third parties		5,696,444.30	7,125,911.45
Receivables from other group companies		8,079,857.32	10,260,992.59
Other short-term receivables from shareholder	2.1	6,000,603.26	708,553.88
Prepaid expenses and accrued income		4,627,783.08	4,272,960.54
Total current assets		31,282,440.75	28,196,404.64
Loans to other group companies		1,684,394.00	1,538,259.36
Investments	2.2	65,118.06	65,118.06
Tangible assets	2.3	142,059.32	73,782.13
Right-of-use assets	2.4	8,370,404.22	0.00
Total non-current assets		10,261,975.60	1,677,159.55
Total assets		41,544,416.35	29,873,564.19
Liabilities and equity			
Accounts payable to third parties		589,638.93	862,737.60
Accounts payable to other group companies		401,465.04	548,207.97
Other short-term liabilities		1,132,956.03	1,265,283.24
Accrued expenses and deferred income		9,417,476.83	8,681,419.13
Total short-term liabilities		11,541,536.83	11,357,647.94
Loans from shareholder		–	1,760,171.72
Lease liability	2.4	8,184,665.23	0.00
Total long-term liabilities		8,184,665.23	1,760,171.72
Total liabilities		19,726,202.06	13,117,819.66
Share capital	2.5	120,000.00	120,000.00
Statutory retained earnings		60,000.00	60,000.00
Voluntary retained earnings		14,075,744.53	10,185,174.82
Net result for the year		7,562,469.76	6,390,569.71
Total equity		21,818,214.29	16,755,744.53
Total liabilities and equity		41,544,416.35	29,873,564.19

Income Statement

Amount in CHF

Particulars	Note no.	Years ended December 31,	
		2019	2018
Consulting revenue		30,416,355.94	31,009,306.74
Other service revenue		27,894,651.28	27,896,188.34
Revenue discounts / reversals		(1,262,487.94)	931,848.31
Trade revenue (net)		57,048,519.28	59,837,343.39
Total cost of services		(22,490,031.59)	(21,380,181.47)
Gross profit		34,558,487.69	38,457,161.92
Personnel expenses		(24,170,538.27)	(28,851,323.82)
Office rent and maintenance		(152,244.93)	(1,058,719.99)
Administration and general expenses		(163,938.04)	(173,357.30)
Consulting (Accounting, tax, legal) expenses		(280,158.78)	(400,215.33)
Marketing expenses		(108,139.85)	(251,224.69)
Depreciation and amortization	2.4	(760,641.89)	(132,786.11)
Total operating expenses		(25,635,661.76)	(30,867,627.24)
Earnings before interest and taxes (EBIT)		8,922,825.93	7,589,534.68
Financial expenses	2.4	(558,839.74)	(208,606.51)
Financial income		146,134.64	27,103.77
Net financial result		(412,705.10)	(181,502.74)
Extraordinary expenses		–	(17,458.75)
Extraordinary income		–	27,031.39
Net extraordinary result		–	9,572.64

Particulars	Note no.	Years ended December 31,	
		2019	2018
Expenses incurred in other periods		–	–
Expenses incurred in other periods		–	–
Earnings before tax (EBT)		8,510,120.83	7,417,604.58
Tax expenses		(947,651.07)	(1,027,034.87)
Net result for the year		7,562,469.76	6,390,569.71

Notes to the financial statement

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

1. Principles

1.1 Accounting year

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

1.2 General aspects

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

1.3 Revenue recognition

The method for recognizing revenues and cost depends on the nature of the services rendered and on the substance of the contractual agreement. Revenues and costs generated under time-and-material contracts are recognized as services are rendered. An expected project loss is recognized as an expense immediately. Revenue from fixed-price, fixed-timeframe contracts is recognized as per the percentage-of-completion method. Efforts expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Revenue comprises the invoiced value for the services and expense reimbursements, net of value added tax.

1.4 Tangible assets

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

1.5 Leases

As of fiscal 2019 and onwards, leasing and rental agreements will be disclosed by the principle of right-of-use in accordance with IFRS 16.

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 and management report in accordance with swiss law.

2. Information on Balance Sheet and income statement items

2.1 Other short-term receivables

On August 5, 2019 the extraordinary general meeting resolved to distribute a dividend of

CHF 6,000,000. This decision was made without the auditor's confirmation. As a result, the dividend distribution was reversed with a credit to the available earnings and a debit to other short-term receivables from the shareholder.

2.2 Investments

Company: Infosys Consulting S.R.L.

Location: Buenos Aires, Argentina

Amount in CHF

Particulars		Years ended December 31, 2019	2018
Share capital	ARS	18,060,000.00	8,860,000.00
Directly held percentage of ownership and voting rights		3.05%	6.21%

2.3 Tangible assets

Amount in CHF

Particulars	Years ended December 31, 2019	2018
Installations and equipment	80,904.29	37,578.72
Vehicles	61,155.03	36,203.41
TOTAL	142,059.32	73,782.13

2.4 Right-of-use assets (RoU) and lease liabilities

As a result of disclosing lease and rental agreements in accordance with the principle of Right-of-use, the following accounts were affected:

Amount in CHF

Particulars		Years ended December 31, 2019	2018
Balance Sheet			
Rent office	7 years	8,370,404.22	–
Lease liability		(8,184,665.23)	–
Income Statement			
Amortization - RoU building		778,196.01	–
Interest expense on lease liability		17,319.39	–
Cashflow			
Cashflow From January 1, 2019 to December 31, 2019		848,567.76	–

2.5 Share capital

As at December 31, 2019, the share capital consists of 1,200 equity shares of CHF 100 / par value.

3. Other information

3.1 Full-time equivalents

The annual average number of full-time equivalents was below 250 similar to the previous reporting year.

3.2 Summary of hidden reserves

Amount in CHF

Particulars	Years ended December 31, 2019	2018
Accounts receivable	13,188.00	470,900.00
Fixed assets	–	–
Provisions / accruals	–	–
Total	13,188.00	470,900.00
Increase / (dissolution) of hidden reserve:	(457,712)	(38,100)

3.3 Subsequent events

Subsequent to yearend and up to the date of signing this report, there was a global outbreak of the COVID-19 virus and associated slowdown in global economy. It is not possible to reliably estimate the length or severity of these developments, and hence their financial impact. However, this could have an adverse impact on some of our customers and may affect our results in the future periods.

Proposal on the appropriation of voluntary retained earnings

in CHF

The Board of Directors proposes to appropriate the voluntary retained earnings (available earnings) as follows:

Amount in CHF

	Years ended December 31,	
	2019	2018
Voluntary retained earnings (brought forward)	14,075,744.53	10,185,174.82
Net result for the year	7,562,469.76	6,390,569.71
Total voluntary retained earnings	21,638,214.29	16,575,744.53
Dividend	13,000,000.00	2,500,000.00
To be carried forward	8,638,214.29	14,075,744.53

The dividend of CHF 13,000,000 will be settled through a reduction in other short-term receivables from shareholder (CHF 6,000,000) as well as via a cash payment (CHF 7,000,000).

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

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, 2019 and 2018, and the Statements of Income, the Statements of 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, 2019 and 2018, and its financial performance and its cash flows for the year then ended in accordance with Mexican Financial Reporting Standards (MFRSs).

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 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.

Emphasis paragraph

As explained in Notes 3.a., 8 and 9 to the financial statements, the Entity changed the methodology for recognizing leases in the financial statements as of January 1, 2019, derived from the adoption of NIF D- 5, Leases. Since the method used by the Entity based on the regulatory transitional provisions did not imply adjusting the comparative periods, the financial information as of and for the year ended December 31, 2018, is not comparative in some items or indicators.

Other matter

The accompanying financial statements have been translated into English for the convenience of readers.

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

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with MFRSs, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 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 19, 2020

Statements of Financial Position

in MXN

Particulars	Note no.	As of December 31,	
		2019	2018
Assets			
Current assets			
Cash		405,992,080	344,894,583
Accounts receivable, net	5	167,080,051	161,492,155
Related parties	6	141,145,483	62,784,307
Other receivables		2,597,292	2,689,871
Prepayments		6,866,412	6,317,520
Total current assets		723,681,318	578,178,436
Computer equipment and furniture and equipment, net	7	5,813,131	9,801,871
Lease right-of-use assets	8	110,482,556	–
Deferred employee statutory profit sharing	12b	9,235,909	7,631,684
Deferred income taxes	12a	28,865,434	24,690,834
Guarantee deposits		2,240,754	2,237,213
Total assets		880,319,102	622,540,038
Liabilities and stockholders' equity			
Current liabilities			
Lease liabilities	9	16,512,382	
Trade accounts payable		2,205,869	9,664,385
Accruals	11	28,606,902	24,663,441
Related parties	6	9,066,803	12,932,746
Taxes payable	10	68,544,044	21,505,748
Employee statutory profit sharing		18,676,048	13,617,620
Deferred revenue	3j	13,256,128	15,030,394
Total current liabilities		156,868,176	97,414,334
Employee benefits		11,370,361	9,920,859
Lease liabilities	9	105,500,786	–
Total liabilities		273,739,323	107,335,193
Stockholders' equity	13		
Capital stock		175,000,000	175,000,000
Retained earnings		431,579,779	340,204,845
Total stockholders' equity		606,579,779	515,204,845
		880,319,102	622,540,038
Commitments and contingent liabilities	14		

See accompanying notes to financial statements.

Statements of Income

In MXN

Particulars	Note no.	Year ended December 31,	
		2019	2018
Service revenues		869,462,645	736,580,103
Operating expenses			
Salaries and related costs		452,802,315	407,726,102
Services		169,911,886	133,901,775
Rents		–	26,001,922
Depreciation		4,765,039	8,707,814
Depreciation of lease right-of-use assets	8	17,039,297	–
Employee statutory profit sharing		15,789,167	11,961,202
Other		56,200,785	59,118,275
Total operating expenses		716,508,489	647,417,090
Operating income		152,954,156	89,163,013
Comprehensive financial results:			
Foreign exchange (loss) gain – net		(8,159,996)	865,681
Interest attributable to lease liabilities	9	(10,138,170)	–
Interest income		15,660,697	8,595,248
Comprehensive financial results, net		(2,637,469)	9,460,929
Income before income taxes		150,316,687	98,623,942
Income taxes	12a	47,353,279	30,334,445
Net income		102,963,408	68,289,497

See accompanying notes to financial statements.

Statement of Changes in Stockholders' Equity

(In MXN)

Particulars	Year ended December 31,		
	Capital stock	Retained earnings	Total stockholders' equity
Balances as of January 1, 2018	175,000,000	271,915,348	446,915,348
Net income (Refer to Note 13 b)	–	68,289,497	68,289,497
Balances as of December 31, 2018	175,000,000	340,204,845	515,204,845
Retrospective adjustments:			
Accumulated effect for adoption NIF D-5 Leases		(11,588,474)	(11,588,474)
Balances at the beginning of 2019, adjusted	175,000,000	328,616,371	(503,616,371)
Net income (Refer to Note 13 b)		102,963,408	102,963,408
Balances as of December 31, 2019	175,000,000	431,579,779	606,579,779

See accompanying notes to financial statements.

Statement of Cash Flows

In MXN

Particulars	Year ended December 31,	
	2019	2018
Cash flows from operating activities:		
Income before income taxes	150,316,687	98,623,942
Items relating to investing activities:		
Depreciation	4,765,039	8,707,814
Depreciation of lease right-of-use assets	17,039,297	–
Gain on sale of fixed assets	(3,518)	(10,674)
Interest income	(15,660,697)	(8,595,248)
Interest attributable to lease liabilities	10,138,170	–
	166,594,978	98,725,834
Accounts receivable and deferred revenue	(5,587,896)	3,513,183
Related parties	(82,227,119)	(28,674,768)
Other receivables and prepayments	(456,313)	486,627
Guarantee deposits	(3,541)	(40,964)
Trade accounts payable	(7,458,516)	7,707,391
Accruals	3,943,461	8,477,848
Income tax and other taxes paid	(6,263,849)	(54,303,761)
Employee statutory profit sharing	3,454,203	(2,971,244)
Employee benefits	1,449,502	1,206,544
Net cash from operating activities	73,444,910	34,126,690
Cash flow from investing activities		
Interest received	15,660,697	8,595,248
Acquisition of computer equipment, and furniture and equipment	(772,781)	(2,979,265)
Proceeds from sale of computer equipment, and furniture and equipment	–	69,031
Net cash from investing activities	14,887,916	5,685,014
Cash flows from financing activities		
Lease liability payments	(27,235,329)	–
Increase in cash	61,097,497	39,811,704
Cash		
At beginning of year	344,894,583	305,082,879
At end of year	405,992,080	344,894,583

See accompanying notes to financial statements.

1. Description of business

Infosys Technologies, S. de R. L. de C. V. ("the Entity"), is an incorporated company under the laws of Mexico. The address of the Entity is Boulevard Gustavo Díaz Ordaz 130 west, 16th floor, Santa María, Monterrey, Nuevo León. The Entity 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, 2019 and 2018 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, 2019 and 2018 were 15.69% and 12.71%, 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, 2019 was 15.06%. Inflation rates for the years ended December 31, 2019 and 2018 were 2.83% and 4.83%, respectively.

c). Use of estimates and judgment

The preparation of financial statements requires the Management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of furniture and equipment; valuation allowances for accounts receivable, and deferred income tax assets and liabilities related to employee benefits. Actual results could differ from those estimates and assumptions.

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 Entity presents comprehensive income in a single statement of income or loss entitled "Statement of Income" given that the Entity did not generate Other Comprehensive Income (OCI) during the current year or the preceding year, which is presented for comparative purposes.

Given that the Entity 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 Entity'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 the 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

As of January 1, 2019, the Entity adopted the following NIF:

NIF D-5, Leases: The accounting recognition for the lessee establishes a single lease recognition model that eliminated the classification of leases as operating or capitalizable, whereby assets and liabilities are now recognized for all leases with a duration of more than 12 months (unless the underlying asset has a low value). Consequently, the most important effect with regard to the financial position was the recognition of lease right-of-use (ROU) asset and the financial liabilities derived from leased assets, which reflect the payment obligation at present value.

The accounting recognition for the lessor is unchanged, with only the addition of certain disclosure requirements.

The main aspects considered by this NIF are: a) a lease is a contract that transfers the right to utilize an asset for a given period of time to the lessee in exchange for a payment. Accordingly, at the start of the contract, an entity must determine whether it obtains the right to control the use of an identified asset for a given period of time; b) the nature of lease-related expenses is modified due to the replacement of the operating lease expense according to Bulletin D-5, Leases, by the depreciation or amortization of the lease ROU asset (and operating costs), together with an interest expense derived from lease liabilities in Comprehensive Financing Cost (RIF); c) the presentation of the statement of cash flows due to the reduction of cash disbursements for operating activities, as well as increased cash disbursements for financing activities to reflect the payment of lease liabilities and interest; d) the modification of the profit or loss recognized when a vendor-lessee transfers an asset to another entity and then leases this asset back.

In order to apply this NIF, the Entity considered a practical expedient for contracts that were previously identified or not as leases by applying Bulletin D-5, Leases and IFRIC 4, Determination of whether a contract contains a lease, on a suppletory basis. Additionally, the Entity retrospectively recognized the cumulative effect in the consolidated Statement of Changes in Stockholders' Equity at the initial application date.

In the case of lease contracts with the characteristics described above, the Entity recognized at January 1, 2019, a lease ROU asset of Pesos 127,521,853, together with short and long-term leased liabilities of Pesos 139,110,327 and a retained earnings decrease for pesos 11,588,474.

b. Cash

Cash consists of checking accounts, and foreign currency. At the date of the financial statements, interest income and foreign exchange gains and losses are included in the Statement of Comprehensive Income.

c. Accounts receivable

Accounts receivable are recognized according to the percentage-of-completion of service to the date of the statement of financial position and include amounts billed and unbilled net of provisions for returns and discounts and the allowance for doubtful accounts.

d. 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 Entity'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.

e. Prepayments

Mainly include prepayments for the purchase of services that are received after the date of the Statement of Financial Position and in the ordinary course of operations.

f. Impairment of furniture and equipment

The Entity 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 Entity records the necessary estimates.

g. Accruals

Based on the Management's estimates, the Entity recognizes accruals for present obligations where the transfer of assets or the rendering of services is virtually inevitable and arises as a consequence of past events, principally services and other amounts payable to employee.

h. Employee benefits

Short-term direct benefits

Short-term direct employee benefits are recognized in the results of the period in which the services rendered are accrued. A liability is recognized for the amount expected to be paid if the Entity 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 Entity'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 Entity is expected to pay after 12 months from the most recent Balance Sheet date is the amount of future benefits that employees have earned in exchange for their service in the current and prior years. This benefit is discounted to determine its present value. Reimbursements are recognized in the income statement in the period in which they accrue.

Termination benefits

A liability for termination benefits and a cost or expense is recognized when the Entity 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 Entity, 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.

Remeasurements (prior actuarial gains and losses) resulting from differences between the projected and actual actuarial assumptions at the end of the period are recognized in the period in which the results of the period are incurred.

i. Income Tax (IT) and Employee Statutory Profit Sharing (ESPS)

IT and ESPS payable for the year are determined in conformity with the tax regulations in effect.

Deferred IT and ESPS are accounted for under the asset and liability method. Deferred taxes and ESPS assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and in the case of IT, for operating loss carryforwards and other recoverable tax credits. Deferred tax and ESPS assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax and ESPS assets and liabilities of a change in tax rates is recognized on the statement of income in the period that includes the enactment date.

j. Revenue recognition

Revenues from services are recognized as services are provided.

The revenue from contracts hours spent related with 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 Entity 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 Entity makes estimates for after-sales services for certain customers to provide support in case of bug fixes, volume discounts, among other reservation time.

k. Business and credit concentration

Expenses for administrative services with related parties as of December 31, 2019 and 2018 amount to 19% and 8%, respectively, of total operating expenses. In addition, balances receivable from related parties as of December 31, 2019 and 2018 represent to 16% and 10%, respectively, of total assets and balances payable to related parties as December 31, 2019 and 2018 represent to 3% and 7%, respectively, of total liabilities

l. Comprehensive financial results (CFR)

The CFR includes foreign exchange loss / gain and interest income. Transactions in foreign currency are recorded at the exchange rate prevailing on the date of execution or settlement. Foreign currency assets and liabilities are translated at the exchange rate in force at the statement of financial position date. Exchange differences arising from assets and liabilities denominated in foreign currencies are reported on the income statement.

m.Contingencies

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

4. Foreign currency exposure and translation

Monetary assets and liabilities denominated in dollars, euros and pound sterling translated into the reporting currency, as of December 31, 2019 and 2018, were as follows:

2019	Pound sterling	Dollars	Euros
Assets			
Assets	(404,751)	142,273,857	15,381,992
Liabilities	–	10,773,749	–
Net (liability) assets	(404,751)	131,500,108	15,381,992

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

At December 31, 2019 and 2018, amounts recorded Pesos (8,159,996) and Pesos 865,681, respectively, for the foreign exchange gain (loss), respectively.

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

Country	Currency	As of December 31, Exchange Rate	
		2019	2018
United States of America	Dollars	19.2946	19.6563
European Union	Euros	21.6487	22.5324
England	Pound Sterling	25.4568	25.0873

At December 31, 2019, the Entity did not have foreign exchange hedging instruments.

5. Accounts receivable

Accounts receivable at December 31, 2019 and 2018, consist of the following:

In MXN

Particulars	As at December 31,	
	2019	2018
Billed accounts receivable	159,568,956	152,365,148
Unbilled receivables	33,302,593	24,448,202
	192,871,549	178,813,350
Less:		
Provision for discount to customers	(25,514,182)	(14,819,631)
Allowance for doubtful accounts	(277,316)	(501,564)
	(25,791,497)	(15,321,195)
	167,080,051	161,492,155

6. Related parties

Transactions carried out with related parties, during the years ended December 31, 2019 and 2018, were as follows:

In MXN

Particulars	As at December 31,	
	2019	2018
Revenues for consulting and implementation provided to customers on behalf of its related party (1)	204,030,996	183,411,449
Interest income (2)	509,043	–
Expenses for specialized personnel services in project implementation (3)	92,120,765	75,383,245
Licenses (4)	63,565	–

(1) Infosys Limited, EdegeVerve Systems Limited in 2019 and Infosys Limited, Panaya Limited, Edgeverve Limited in 2018.

(2) Kallidus Inc and Infosys Consulting Ltda in 2019.

(3) Infosys Limited, Infosys BPO Limited, Infosys Chile SPA, Infosys Tech (Shanghai)Co. Ltd in 2019 and Infosys Limited, Infosys BPM Limited, Infosys Technologies (China) Co. Limited, Infosys Chile SpA in 2018.

(4) Panaya Limited in 2019.

Balance receivable from related parties are as follows:

In MXN

Particulars	As at December 31,	
	2019	2018
Infosys Limited	1,915,529	39,223,432
Kallidus Inc(5)	77,651,957	–
Infosys Consulting S.R.L.(6)	1,876,292	1,847,262
Infosys Consulting LTDA	38,624,332	–
Panaya Limited	20,281,087	20,345,265
EdgeVerve Systems Limited	796,286	1,368,348
	141,145,483	62,784,307

(5) Corresponds to a short-term loan bearing an interest rate of LIBOR plus 0.82%

(6) Corresponds to a short-term loan bearing an interest rate of LIBOR plus 0.80%

Balance payable to related parties are as follows:

In MXN

Particulars	As at December 31,	
	2019	2018
Infosys BPM Limited	23,445	1,480,594
Infosys Technologies (China) Co. Limited	–	9,625,432
Infosys Technologies (Shanghai) Co. Limited	7,935,129	–
Infosys Chile SpA	1,108,229	1,826,720
	9,066,803	12,932,746

7. Computer equipment and furniture and equipment

Furniture and equipment at December 31, 2019 and 2018, comprise the following:

In MXN

Particulars	As at December 31,	
	2019	2018
Furniture and equipment	52,570,853	52,695,603
Computer equipment	58,749,083	61,960,060
	111,319,936	114,655,663
Less: accumulated depreciation	(105,506,805)	(104,853,792)
	5,813,131	(9,801,871)

8. Lease right-of-use-assets

In MXN

Particulars	Edificios
Initial recognition at January 1, 2019	127,521,853
Depreciation (amortization) of the year	(17,039,297)
Balances at December 31, 2019	110,482,556

9. Lease liabilities

In MXN

Initial recognition as of January 1, 2019	139,110,327
Financial expenses	10,138,170
Payments	(27,235,329)
Balance as of December 31, 2019	122,013,168
Lease current liabilities	16,512,382
Liabilities for long-term leases	105,500,786

As of December 31, 2019, the maturity of the liabilities for long-term leased assets is as follows:

In MXN

As at December 31,	Import
2021	20,107,260
2022	21,769,660
2023	7,056,884
2024	4,192,607
2025 – onwards	52,374,375
Total	105,500,786

10. Taxes payable

As of December 31, 2019, and 2018, taxes payable consist of the following:

In MXN

Particulars	As at December 31,	
	2019	2018
Income tax	20,037,137	(17,148,409)
Income tax withheld to third parties	12,558,667	12,921,578
Value added tax	25,159,498	16,377,140
Other tax payments	79,630	
Social security contributions	10,709,112	9,355,439
	68,544,044	21,505,748

Accruals

Accruals at December 31, 2019 and 2018, include the following:

In MXN

Particulars	Subcontracting and others	Other personnel benefits	Total
Balances at December 31, 2018	11,123,447	13,539,994	24,663,441
Increases recorded in earnings	324,074,425	1,347,506,285	1,671,580,710
Payments	(322,684,781)	(1,344,952,468)	(1,667,637,249)
Balances at December 31, 2019	12,513,091	16,093,811	28,606,902

12. 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,	
	2019	2018
Income tax:		
Current	49,403,042	27,546,112
Deferred	(2,049,763)	2,788,333
	(47,353,279)	30,334,445

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,	
	2019	2018
Computed "expected" tax expense	41,265,819	29,818,676
Increase (reduction) resulting from		
Effects of inflation, net	(3,423,411)	(7,213,751)
Non-deductible expenses	4,424,298	5,971,277
Other, net	5,086,573	1,758,243
	(47,353,279)	30,334,445

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and liabilities, at December 31, 2019 and 2018, are presented below

In MXN)

Particulars	As at December 31,	
	2019	2018
Deferred tax assets:		
Allowance for doubtful receivables	117,670	402,275
Provisions for accounts receivable	7,185,814	3,504,077
Furniture and equipment	4,322,563	5,704,249
Accruals	9,024,066	11,779,619
Employee benefits	428,935	428,935
Deferred revenues	3,976,838	4,509,118
Lease right-of-use asset	1,729,592	
Deferred profit sharing	1,157,706	
Provisions for vacations	2,982,174	2,547,322
Total gross deferred tax assets	30,925,358	28,875,595
Deferred tax liabilities		
Prepayments	2,059,924	1,895,256
Deferred ESPS		2,289,505
Total gross deferred tax liabilities	2,059,924	4,184,761
Net deferred tax asset	28,865,434	24,690,834

b) Deferred ESPS

The deferred ESPS expense (benefit) is as follows:

In MXN

Particulars	As at December 31,	
	2019	2018
Deferred ESPS	1,604,225	491,713

The effects of ESPS on temporary differences that give rise to significant portions of deferred ESPS assets and liabilities as of December 31, 2019 and 2018 are detailed as follows:

In MXN

Particulars	As at December 31,	
	2019	2018
Deferred tax assets:		
Allowance for doubtful receivables	39,223	134,092
Provisions for accounts receivable	2,395,271	1,168,025
Furniture and equipment	1,440,854	1,901,416
Accruals	3,008,022	2,564,778
Employee benefits	142,978	142,978
Deferred revenues	1,325,613	1,503,039
Lease right-of-use asset	576,534	
Provisions for vacations	994,055	849,107
Total gross deferred tax assets	9,922,550	8,263,437
Deferred tax liabilities		
Prepayments	686,641	631,752
Total gross deferred tax liabilities	686,641	631,752
Net deferred tax asset	9,235,909	7,631,684

13. Stockholders' equity

The principal characteristics of stockholders' equity are described below:

a) Structure of capital stock

The Entity's capital stock at December 31, 2019 and 2018, 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, 2019 and 2018, 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, 2019, the legal reserve amounts to Pesos 21,944,525 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 Entity, consequently, the stockholders may only receive 70% of such amounts.

14. Commitments and contingent liabilities

a) 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.

b) 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.

The Entity is in the process of obtaining the aforementioned transfer pricing study and supporting documentation in order to demonstrate that one of the methods established in article 216 of the Income Tax Law was applied.

c) The Entity entered into a contract to provide services to its parent company, in which it undertakes to provide services necessary for their operation. These contracts are for an indefinite period. Total payments for this concept was Pesos 76,271,858 in 2019 and Pesos 62,640,124 in 2018 and included in operating expenses in the statement of income.

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

15. Subsequent events

Effects of the Covid-19 pandemic (Coronavirus)

Derived from the Coronavirus outbreak (COVID-19) in January 2020 and its recent global expansion to a large number of countries, it has led the World Health Organization to classify the viral outbreak as a pandemic since March 11, 2020.

Sanitary measures have been taken in Mexico to stop the spread of this virus, including, among others, social isolation and the closure of educational centers (schools and universities), commercial establishments and non-essential businesses. There is strong uncertainty about how this virus will evolve in Mexico, the time necessary for precautionary and / or containment measures to take effect, and the result it will have in the national economy; therefore, the economic impacts and consequences for the Entity's / clients' operations are uncertain and will largely depend on the evolution and spread of the pandemic in the coming months, as well as on the ability to react and adapt to all affected economic agents.

As of the date of issuance of these financial statements, the Entity's management has not identified a material impact on its financial position or results of operations. However, the administration will continue to monitor the effects of this crisis on its clients, industry and markets where it operates.

The Entity has evaluated subsequent events for their recognition or disclosure in the preparation of the financial statements. These events were evaluated until May 19, 2020, the date of issuance of the financial statements. Based on this evaluation, except for what is mentioned in the preceding paragraphs, it has concluded that there are no subsequent events that require recognition or disclosure in the financial statements.

16. New accounting principles

As of December 31, 2019, the CINIF has issued the following NIFs and improvements to NIFs which may affect the financial statements of the Entity:

Effective as of January 1, 2021, although early adoption is permitted during 2020:

NIF C-17, Investment properties (NIF C-17) – Given the absence of a NIF establishing the bases used for the accounting recognition of investment properties (held to obtain rental income or for capital appreciation purposes), entities have applied the guidance set forth in Circular 55 issued by the Accounting Principles Commission of the Mexican Institute of Public Accountants, which only allows the use of the acquisition cost model for valuation purposes. The main change detailed in NIF C-17 involves the possibility whereby investment properties held for capital appreciation purposes may be optionally valued at their acquisition cost or fair value. If the Entity opts to apply the fair value model, at each financial statement closing date, investment properties shall be valued at their fair value determined in accordance with NIF B-17, Determination of fair value. The losses or gains derived from valuation adjustments must be recognized in comprehensive income or Other Comprehensive Income (OCI) of the period in which they arise. When the Entity disposes of the asset in question, OCI must be recycled to results.

This NIF establishes that investment properties must be recognized in the consolidated statement of financial position when asset definitions are fulfilled; i.e., when, for the entity, investment properties:

a) are an economic resource to which it is entitled;

b) have the potential to generate economic benefits;

c) are under its control; i.e., when it is able to manage its utilization and obtain the respective future economic benefits, while restricting third-party access to this control and economic benefits; and

d) arose as a result of past events that affected the entity economically.

Effective as of January 1, 2020, although early adoption is permitted during 2019; Improvements to NIF that generate accounting changes:

NIF C-16 Impairment of receivable financial instruments – Clarifies the effective interest rate to be utilized when renegotiating a financial instrument to collect principal and interest (IFCPI).

NIF C-19 Financial instruments payable, and NIF C-20 Financial instruments for collecting principal and interest – Specify that the effective interest rate need not be periodically recalculated when its amortization does not generate material effects.

NIF D-4 Income taxes, and NIF D-3 Employee benefits – Paragraphs have been included regarding uncertain tax treatments when considering the bases used to determine ISR and PTU, while also evaluating the probability whereby the tax or legal authority will accept or reject an uncertain tax treatment.

NIF D-4 Income taxes – Clarifies the accounting recognition of income taxes incurred by the distribution of dividends in relation to the transactions that generated distributable profits.

NIF D-5 Leases – a) Given the complexity that may arise when determining the discount rate, this NIF establishes the possibility of utilizing a risk-free rate to discount future lease payments and recognize the lessee's lease liability, and b) the use of a practical expedient to exclude material and identifiable components other than leases from the asset usage right measurement and lease liabilities was restricted.

Likewise, other improvements to NIF that do not generate accounting changes were also included and essentially clarify the purpose of each standard.

At the date of issuance of these consolidated financial statements, the Entity is in the process of determining the effects derived from its adoption of these new standards on its financial statements.

17. Authorization to issue the financial statements

On May 19, 2020, 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 Entity, the stockholders are empowered to modify the financial statements after issuance. The accompanying financial statements will be submitted to the next Stockholders' Meeting for approval.

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Panaya Ltd.

Independent Auditors' Report

To the Shareholders Of Panaya Ltd.

We have audited the accompanying statement of financial position of PANAYA Ltd. ("the Company") as of December 31, 2019 and 2018, 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 audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in Israel (Israeli GAAP).

Brightman Almagor Zohar & Co.
Certified Public Accountants

A Firm in the Deloitte Global Network

March 31, 2020

Tel-Aviv, Israel

Statement of Financial Position

In NIS thousand

Particulars	Note no.	December 31, 2019	December 31, 2018
ASSETS			
Current assets:			
Cash and cash equivalents		14,521	9,841
Trade receivables		4,599	546
Trade receivables – related parties		4,058	3,307
Other receivables – related parties		409	841
Other receivables		5,940	7,006
Total current assets		29,527	21,541
Property and equipment, net	3	6,445	7,077
Intangible assets, net		–	78
Total assets		35,972	28,696
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current liabilities:			
Trade payables		2,617	4,412
Trade payables – related parties		134,630	131,903
Other payables – related parties		66,058	64,144
Other payables		10,242	6,520
Employee-related payables		19,609	15,072
Deferred revenue		95,270	92,830
Total current liabilities		328,426	314,881
Accrued severance pay, net of severance fund	4	307	675
Commitments and contingent liabilities	5		
Total shareholders' deficiency		(292,761)	(286,860)
Liabilities and shareholders' deficiency		35,972	28,696

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

March 31, 2020
Date of approval of the financial statements

David Binny
Director

Statement of Comprehensive Loss

In NIS thousand

Particulars	Note no.	Years ended December 31,	
		2019	2018
Revenues	2H	102,446	134,186
Cost of revenues		28,253	19,021
Gross profit		74,193	115,165
Operating expenses:			
Research and development	2C, 8A	46,628	56,530
Selling and marketing expenses	8B	40,529	97,030
General and administrative expenses	8C	11,141	13,657
Operating loss		24,105	52,052
Financial expenses (income), net		(18,204)	22,930
Other (income) expenses		–	(363)
Net loss		5,901	74,619

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, 2018	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)
Net loss	–	–	–	–	(5,901)	(5,901)
Balance at December 31, 2019	13	79,925	15,863	68,798	(457,360)	(292,761)

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

Statement of Cash Flows

in NIS thousand

Particulars	Years ended December 31,	
	2019	2018
Cash flows provided by (used in) operating activities:		
Net loss	(5,901)	(74,619)
Adjustment required to reconcile net loss to cash provided by (used in) operating activities:		
Depreciation and amortization	1,468	2,693
Decrease (increase) in trade and other receivables	(3,306)	(268)
Increase in trade and other payables	6,568	66,669
Increase (decrease) in employee related payables	4,537	143
Increase in deferred revenue	2,440	2,442
Increase (decrease) in accrued severance pay, net	(368)	215
Net Cash from / used in operating activities	5,438	(2,725)
Cash flows from investing activities:		
Acquisition of property and equipment	(758)	(537)
Net cash used in investing activities	(758)	(537)
Increase (decrease) in cash and cash equivalents	4,680	(3,262)
Cash and cash equivalents at the beginning of the year	9,841	13,103
Cash and cash equivalents at the end of the year	14,521	9,841

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

Note 1: General

A. Panaya Ltd. (the "Company") was incorporated and commenced operations on January 2, 2006, as a wholly-owned subsidiary of Panaya Inc. ("the Parent Company"), which is incorporated in Delaware, US

B. The Company develops and markets solutions for ERP systems, by identifying the changes on the ERP system through automated analysis.

C. The Company has incurred losses since its inception and its continued operations as a going concern are dependent on financing from the Parent Company, until it reaches sufficient profitability.

D. Related parties – Within their meaning in Opinion No. 29 of the Institute of Certified Public Accountants in Israel.

E. The 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	As at December 31,	
	2019	2018
Cost:		
Furniture and fixtures	2,473	2,467
Computers and software	10,611	9,901
Leasehold improvements	10,537	10,505
Communication equipment	370	366
	23,991	23,239
Less – Accumulated depreciation	17,546	16,162
Net book value	6,445	7,077

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 agreements for the premises are NIS 334 and NIS 45 thousand per month, for a period of two years and four years, respectively, commencing January 2020.

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,	
	2019	2018
	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. The regular tax rate for the years 2018 and 2019 is 23%.

B. Tax Benefits

Tax benefits under the Law for the Encouragement of Capital Investments, 1959 ("the Law")

Under the Law, including Amendment No. 60 to the Law that as published in April 2005, by virtue of the 'benefited enterprise' if the status is granted to some facilities of the Israeli subsidiary, it will be entitled to various tax benefits.

The main tax benefits available are:

In respect of income derived from the benefited enterprise, the Company is entitled to reduced tax rates during a period of up to ten years from the year in which such enterprise first earn taxable income (limited to 12 years from commencement of production or 14 years from the date of approval, whichever is earlier).

Income derived from the benefited enterprise is tax exempt during the first two years of the seven to ten-year tax benefit period as above, and is subject to a reduced tax rate of 10%-25% during the remaining years of benefits.

In the event of distribution of a cash dividend from income which was tax exempt as above, the Company would have to pay the 25% tax in respect of the amount distributed.

The Company is entitled to claim accelerated depreciation in respect of equipment used by approved enterprises during the first five years of the operation of these assets.

The entitlement to the above benefits is conditional upon the Israeli subsidiary's fulfilling the conditions stipulated by the above Law, regulations published there under and the certificate of approval for the specific investments in benefited enterprises. In the event of failure to comply with these conditions, the benefits may be cancelled and the Company may be required to refund the amount of the benefits, in whole or in part, with the addition of linkage differences to the Israeli CPI and interest.

The Company elected 2008, as its implementation year as stipulated in the Law and 2012, as its expansion year as stipulated in the Law.

The Law was amended as part of the Economic Policy Law for the years 2011-2012, which was passed in the Knesset on December 27, 2010 ("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.

The Company's management believes that the Company is in compliance with the conditions stipulated by the above law.

C. The Company has received final tax assessments through tax year 2014.

D. As of December 31, 2018, the Company had a net carryforward tax loss of approximately NIS 347 million and a provisional current year tax loss is approximately NIS 5 million. Under Israeli tax laws, the carryforward tax losses of the Company can be utilized indefinitely.

E. Deferred tax assets were not created since the realization of any future benefit from deductible temporary differences, net operating loss and tax credit carryforwards cannot be sufficiently assured as of December 31, 2019.

Note 8: Supplementary statements of operations information

A. Research and development costs

in NIS thousand

Particulars	Years ended December 31,	
	2019	2018
Payroll and related expenses	35,345	41,743
Consultants and related expenses	6,267	8,812
Depreciation and amortization	517	1,507
Other	4,499	4,468
	46,628	56,530

B. Selling and marketing expenses

in NIS thousand

Particulars	Years ended December 31,	
	2019	2018
Payroll and related expenses	16,734	10,299
Consultants and related expenses	1,502	562
Marketing	7,202	6,555
Travel and office expenses	5,429	5,658
Other	3,058	8,240
Related parties – subcontractors	6,113	40,305
Related parties	491	25,411
	40,529	97,030

C. General and administrative expenses

in NIS thousand

Particulars	Years ended December 31,	
	2019	2018
Payroll and related expenses	9,305	10,623
Consultants and related expenses	304	732
Other	1,532	2,302
	11,141	13,657

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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 31 December,2019.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 misstatements, Whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are also 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.

Auditors' 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 of 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 Director's 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 presentations, 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, include 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
Authorised Public Accountants

Ari Kurjonen
Authorised Public Accountant

Helsinki,

March 4, 2020

Information about the year

Fluido Group is a provider of digital transformation services to companies in Finland, Sweden, Norway and Denmark. The Group's revenue in 2019 was € 37,3 million and profit before tax, € 816.437,99. The Group's revenue grew by 31,9% in 2019 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 € 23,4 million and profit before tax, € 860.398,65.

Company shares

Fluido Group shares are 100% owned by Infosys Group. Infosys Group is based in Bangalore and it is listed in New York and Mumbai stock exchanges and has over 240.000 employees. Infosys Group revenue in 2019 was US$ 12,4 billion and profit US$ 2,2 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 2020 has started as expected. The Group will aim to grow revenue and profit according to its business plan.

Key ratios

in € thousand

Fluido Oy	For the period between January 1 to December 31,	
	2019	2018
Revenue	23 383	19 807
Ebitda	1 024	1 805
Profit before tax	860	1 636
EBIT (%)	3.9	8.6
Equity ratio (%)	41.8	38.7
ROE (%)	13.1	31.0

Group	For the period between January 1 to December 31,	
	2019	2018
Revenue	37 280	28 256
Ebitda	1 394	419
Profit before tax	816	(341)
EBIT (%)	2.3	neg.
Equity ratio (%)	22.8	16.8
ROE (%)	25.7	neg.

Personnel

On average 284 employees worked at Fluido Group during the year. The salaries and bonuses paid to personnel during the year were 23.4 M euro.

Board proposal for dividend distribution

The Board proposes to Annual General Meeting no dividend is distributed.

Fluido Group Balance Sheet

Amount in Euros

Particulars	As at December 31,	
	2019	2018
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Other long-term assets	83 771,80	104 044,18
Goodwill	1 067 801,20	1 473 952,63
Intangible total	1 151 573,00	1 577 996,81
Tangible assets		
Machinery and equipment	388 610,67	310 538,82
Tangible total	388 610,67	310 538,82
TOTAL NON-CURRENT ASSETS	1 540 183,67	1 888 535,63
CURRENT ASSETS		
Long-term receivables		
Other long-term receivables	716 635,58	93 247,26
Total long-term receivables (Def.tax)	716 635,58	93 247,26
Short term receivables		
Trade debtors	8 499 633,71	4 798 495,60
Other debtors	646 691,07	260 161,56
Prepayments and accrued income	326 713,83	418 871,67
Total short term receivables	9 473 038,61	5 477 528,83
Cash	5 029 344,45	3 495 175,17
TOTAL CURRENT ASSETS	15 219 018,64	9 065 951,26
Assets total	16 759 202,31	10 954 486,89

Amount in Euros

Particulars	As at December 31,	
	2019	2018
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Share capital	2 500,00	2 500,00
Other reserves	3 012 019,05	1 765 841,93
Retained earnings	74 776,76	719 626,93
Profit (loss) of the financial year	728 730,51	-663 738,63
Translation difference	4 790,42	18 888,46
TOTAL CAPITAL AND RESERVES	3 822 816,74	1 843 118,69
PROVISIONS	9 331,00	62 393,17
CREDITORS		
Short term creditors		
Advances received	717 885,01	333 021,45
Trade creditors	345 012,85	567 063,21
Other creditors	3 049 461,58	2 165 747,06
Accruals and deferred income	8 814 695,13	5 983 143,31
Total short term creditors	12 927 054,57	9 048 975,03
TOTAL CREDITORS	12 927 054,57	9 048 975,03
Total equity and liabilities	16 759 202,31	10 954 486,89

Fluido Group Profit and Loss

Amount in Euros

Particulars	January 1 to December 31	
	2019	2018
REVENUE	37 280 542,42	28 255 988,60
Other income	37 112,54	0,00
Materials and services		
Materials		
Purchases during year	(462 551,37)	(881 194,96)
Materials total	(462 551,37)	(881 194,96)
External services		
External services	(1 822 896,46)	(1 568 982,59)
Materials and services total	(2 285 447,83)	(2 450 177,55)
Personnel costs		
Salaries	(23 370 687,22)	(17 093 634,59)
Personnel related costs		
Pension costs	(3 318 368,63)	(2 416 535,44)
Other social costs	(1 984 825,30)	(1 354 806,81)
Total personnel related costs	(5 303 193,93)	(3 771 342,25)
Total personnel costs	(28 673 881,15)	(20 864 976,84)
Other expenses	(4 964 293,03)	(4 522 254,73)
EBITDA	1 394 032,95	418 579,48
Depreciation		
Depreciation according to plan	(544 971,86)	(532 041,06)
Depreciation total	(544 971,86)	(532 041,06)
EBIT	849 061,09	(113 461,58)
Financial income and cost		
Other interest income		
Other	17 380,77	11 602,66
Total other financial income	17 380,77	11 602,66
Interest expenses and other financial costs		
To others	(50 003,86)	(239 241,34)
Total interest expense and other costs	(50 003,86)	(239 241,34)
Total financial income and cost	(32 623,09)	(227 638,68)
PROFIT BEFORE TAX	816 438,00	(341 100,26)
Income tax	(87 707,48)	(322 638,36)
NET PROFIT	728 730,51	(663 738,63)

Fluido Oy Balance Sheet

Amount in Euros

Particulars	As at December 31, 2019	As at December 31, 2018
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Other long-term assets	62 016,10	94 176,10
Intangible total	62 016,10	94 176,10
Tangible assets		
Machinery and equipment	254 297,08	235 699,04
Total tangible assets	254 297,08	235 699,04
Investments		
Investment in group companies	2 133 239,90	1 121 135,54
Receivables from group companies	514 868,67	245 477,31
Investments total	2 648 108,57	1 366 612,85
NON-CURRENT ASSETS TOTAL	2 964 421,75	1 696 487,99
CURRENT ASSETS		
Receivables		
Long term receivables		
From Group companies	1 071 302,82	600 000,00
Deferred tax asset	530 864,00	–
Long-term receivables total	1 602 166,82	600 000,00
Short-term receivables		
Trade debtors	3 004 431,98	2 739 400,24
Receivables from Group companies	4 287 749,51	3 203 890,34
Muut saamiset	345 875,71	110 374,13
Prepayments and accrued income	204 830,38	326 952,56
Total short-term receivables	7 842 887,58	6 380 617,27
Total receivables	9 445 054,40	6 980 617,27
Short-term investments		
Total short-term investments	–	–
Cash	2 246 683,57	2 158 605,08
TOTAL CURRENT ASSETS	11 691 737,97	9 139 222,35
TOTAL ASSETS	14 656 159,72	10 835 710,34

Amount in Euros

Particulars	As at December 31, 2019	As at December 31, 2018
EQUITY AND LIABILITIES		
Share capital		
Share capital	2 500,00	2 500,00
Other reserves	3 010 423,00	1 760 423,00
Other reserves	3 010 423,00	1 760 423,00
Retained earnings	2 437 120,71	1 132 311,90
Profit (loss) of the financial year	677 894,42	1 304 808,81
Total equity	6 127 938,13	4 200 043,71
Provisions		
Other provisions	9 331,00	60 760,00
Total provisions	9 331,00	60 760,00
Creditors		
Short-term creditors		
Received advances	206 019,78	333 021,45
Accounts payable	208 592,64	529 455,97
Group creditors	907 698,70	1 151 898,50
Other creditors	1 222 204,19	974 152,96
Accruals and deferred income	5 974 375,28	3 586 377,75
Total short-term creditors	8 518 890,59	6 574 906,63
Total creditors	8 518 890,59	6 574 906,63
Total equity and liabilities	14 656 159,72	10 835 710,34

Fluido Oy Statement of Profit and Loss

Amount in Euros

Particulars	January 1 to December 31	
	2019	2018
REVENUE	23 383 141,76	19 807 440,36
Materials and services		
Materials		
Purchases during year	(462 551,37)	(881 194,96)
External services	(2 218 906,82)	(1 882 877,24)
Materials and services total	(2 681 458,19)	(2 764 072,20)
Personnel costs		
Salaries	(13 811 027,06)	(10 486 489,82)
Total other personnel-related costs	(2 614 612,23)	(1 972 291,08)
Pension costs	(2 197 485,71)	(1 636 558,48)
Other personnel-related costs	(417 126,52)	(335 732,60)
Total personnel costs	(16 425 639,29)	(12 458 780,90)
Depreciation		
Depreciation according to plan	(120 670,66)	(110 737,67)
Total depreciation	(120 670,66)	(110 737,67)
Other expenses	(3 252 309,02)	(2 779 731,39)
EBIT	903 064,60	1 694 118,20
Financial income and cost		
Other interest income		
From others	139,82	–
Interest expenses and other financial costs		
To others	(42 805,77)	(58 149,30)
Total financial income and cost	(42 665,95)	(58 149,30)
PROFIT BEFORE TAX	860 398,65	1 635 968,90
Income tax	(182 504,23)	(331 160,09)
NET PROFIT	677 894,42	1 304 808,81

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 financial 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

Statement of Profit and Loss - Additional information

Board fees

Amount in Euros

Group		Fluido Oy	
2019	2018	2019	2018
–	21 000,00	–	21 000,00

Auditors fees

Amount in Euros

Particulars	Group		Fluido Oy	
	2019	2018	2019	2018
Audit	40 209,00	33 417,00	13 680,00	11 000,65
Other services	1 133,14	5 765,00	–	5 765,00
TOTAL	41 342,14	39 182,00	13 680,00	16 765,65

Balance Sheet Additional Information

Amount in Euros

Non-current assets detail	Group		Fluido Oy	
	2019	2018	2019	2018
Non-current assets				
Acq. cost at beginning of year	175 665,72	160 856,70	160 856,70	160 856,70
Additions	13 394,62	14 809,02	–	–
Acq cost 31.12	189 060,34	175 665,72	160 856,70	160 856,70
Accumul. depreciation 1.1	(71 621,54)	(34 509,260	(66 680,60)	(34 509,26)
Depreciation cur. year	(33 667,00)	(37 112,28)	(32 160,000	(32 171,34)
Accumul. depreciation 31.12	(105 288,54)	(71 621,54)	(98 840,60)	(66 680,60)
Accounting value 31.12	83 771,80	104 044,18	62 016,10	94 176,10
Goodwill				
Acq. cost at beginning of year	2 042 868,09	572 525,05	–	–
Additions	–	1 470 343,04	–	–
Acq cost 31.12	2 042 868,09	2 042 868,09	–	–
Accumul. depreciation 1.1	(568 915,46)	(186 293,70)	–	–
Depreciation cur. year	(406 151,43)	(382 621,76)	–	–
Accumul. depreciation 31.12	(975 066,89)	(568 915,46)	–	–
Accounting value 31.12	1 067 801,20	1 473 952,63	–	–
Machinery and equipment				

Non-current assets detail	Group		Fluido Oy	
	2019	2018	2019	2018
Acq. cost at beginning of year	494 654,28	265 729,65	366 501,45	187 977,09
Additions	183 225,28	228 924,63	107 108,70	178 524,36
Acq cost 31.12	677 879,56	494 654,28	473 610,15	366 501,45
Accumul. depreciation 1.1	(184 115,46)	(71 808,45)	(130 802,41)	(52 236,08)
Depreciation cur. year	(105 153,43)	(112 307,01)	(88 510,66)	(78 566,33)
Accumul. depreciation 31.12	(289 268,89)	(184 115,46)	(219 313,07)	(130 802,41)
Accounting value 31.12	388 610,67	310 538,82	254 297,08	235 699,04

Ownership in other entities

Amount in Euros

Name and residence	Ownership (%)	Book value
Fluido Sweden AB	100	330.371,06
Fluido Denmark A/S	100	367.536,17
Fluido Norway AS	100	1.301.392,86
Fluido Slovakia s.r.o	100	133.939,81

Receivables from group companies

Amount in Euros

	2019	2018
Long-term		
Loan receivables	1 886 171,49	845 477,31
Short-term		
Debtors	3 548 945,76	2 531 893,41
Other receivables	738 802,75	671 996,93
Total	6 173 920,00	4 049 367,65

Changes in equity

Amount in Euros

Particulars	2019		2018	
	Group	Fluido Oy	Group	Fluido Oy
Share capital	2 500,00	2 500,00	2 500,00	2 500,00
Other reserves	3 012 019,05	3 010 423,00	1 765 841,93	1 760 423,00
Translation difference	4 790,42	–	18 888,46	0,00
Retained earnings	74 776,76	2 437 120,71	719 626,93	1 132 311,90
Dividends	–	–	–	–
Own share purchase	–	–	–	–
Profit for the year	728 730,51	677 894,42	-663 738,63	1 304 808,81
Total available equity	3 820 316,74	6 125 438,13	1 840 618,69	4 197 543,71
TOTAL EQUITY	3 822 816,74	6 127 938,13	1 843 118,69	4 200 043,71

Debts to group companies

Amount in Euros

Particulars	2019	2018
Short-term		
Creditors	907 698,70	1 151 898,50
Other group debt	–	–
TOTAL	907 698,70	1 151 898,50

Group transactions

During the financial year, Fluido Oy had group sales worth €1.961.497,65 and group purchases €1.454.469,47. Sales and purchases have been carried out at normal commercial terms.

Personnel

Average personnel

Group		Fluido Oy	
2019	2018	2019	2018
284	219	165	133

Guarantees and future liabilities

Keva (facilities landlord), rental guarantee for Espoo office €122.541,81. Lease will end on December 31, 2022. Fluido Oy can end lease by giving notice of six months and paying six month rent. Total future rent liability is €1.220.418.

Signatures of the Annual Accounts

Espoo: February 10, 2020

Kai Mäkelä
Chief Executive Officer

Ravi Kumar Singisetti
Chairman of the Board

Dinesh Ramakrishna
Board member

Jasmeet Singh
Board member

Auditor signature

Audit statement has been given with this date 4/3/2020

Ari Kurjonen, KHT
Auditia Oy, publicly certified auditing 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 (Czech Republic) Limited s.r.o

Introduction

Company: Infosys (Czech Republic) Limited s.r.o.,

Vlněna 526/1, Trnitá, 602 00 Brno,

Czech Republic

Corporate ID No.: 269 18 757

(Hereinafter "the Company")

Period: April 1, 2019 to March 31, 2020

Introduction

The nature of the services (business process outsourcing) provided by 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 to the Trade Licensing Act

Fields of activity:

- Services in the area of administration and services of an organizational and economic nature
- Provision of software, information technology consulting, data processing, hosting and related activities and web portals
- Guidance and consulting activities, production of expert studies and opinions
- Research and development in the field of natural and technical sciences or social sciences
- Intermediation in trade and services
- Translation and interpretation activities

2. Activities of accounting advisors and accounts keeping, tax record keeping

Description of activities:

Technical Contact Center

Providing technical support to Infosys clients' personnel and / or customers via phone, mail, or chat

Support provided in most European languages

Finance and accounting

Providing expert accounting support in the following areas:

- Accounts payable
- Accounts receivable
- Travel and expenses
- General ledger

Insurance services

Processes:

- Underwriting support (end-to-end process – all stages of insurance policies)

Banking services

Providing services to European clients of an American banking institution during the transition to a new reporting software

Digital content management services

Analyzing, 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 and interpretation support
- Remote logistic software support
- Remote support and 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, 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 July 9, 2019, Narayanan Sampath ceased to be a member of the Supervisory Board.

On July 9, 2019, Jan Skoták became a member of the Supervisory Board.

Both changes in the Supervisory Board were registered in the Commercial Register on August 26, 2019.

Change of the registered office of the Company:

On February 24, 2020, the registered office of the Company changed to Vlněna 526/1, Trnitá, 602 00 Brno. This change was registered in the Commercial Register on February 24, 2020.

- about a forecasted development in activities of the reporting unit

  Estimation of uncertainties concerning the COVID-19 global pandemic in the area of health

  The Company assessed possible impacts on the carrying amounts of receivables and unvoiced revenues that may arise from the COVID-19 pandemic. In developing assumptions concerning potential future uncertainties in the global economic conditions, due to this pandemic the Company used both internal and external information sources and related information and economic forecasts as of the date of approval of these financial statements. The Company expects to recover the carrying amount of these assets and will continue to thoroughly monitor all significant changes of future economic conditions.

The turnover for 2019-20 amounted to 512,708 TCZK compared to 386,724 TCZK for 2018-19. The number of employees as of March 31, 2020 (including employees on maternity and parental leave) amounted to 702 (March 31, 2019 – 593 employees).

It is expected that in fiscal 2020-21 there will be 782 (excluding employees on maternity and parental leave) employees and turnover of 571,600 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 achieve ecological and thrifty handling of raw materials, energy, water and other sources when providing services in order to improve the inputs efficiency.

- about labor-law relations

The Company meets all conditions arising from labor-law relations stipulated by the Labor Code.

- The Company does not have any branch or other component of its business enterprise abroad.

Enclosures:

1. Balance Sheet as of March 31, 2020
2. Profit and Loss Account for the period from April 1, 2019 to March 31, 2020
3. Notes to the financial statements
4. Report on Relations 2019-20
5. Auditor's report

Date: May 18, 2020

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: Vlněna 526/1, Trnitá, 602 00 Brno

Opinion

We have audited the accompanying financial statements of Infosys (Czech Republic) Limited s.r.o. (hereinafter also the "Company") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the Balance Sheet as of March 31, 2020, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Infosys (Czech Republic) Limited s.r.o. as of March 31, 2020, 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 May 18, 2020

Audit firm:	Statutory auditor:
Deloitte Audit s.r.o.	Miroslav Zigáček
Registration number : 079	Registration number : 2222

Balance Sheet

(in CZK thousand)

	Particulars	As of March31,			
		2020			2019
		Gross	Adjustment	Net	Net
	TOTAL ASSETS	441,656	75,147	366,509	337,981
B.	Fixed assets	128,523	75,016	53,507	59,053
B.I.	Intangible fixed assets	3,092	756	2,336	2,954
B.I.2.	Valuable rights	3,092	756	2,336	2,954
B.I.2.1.	Software	3,092	756	2,336	2,954
B.II.	Tangible fixed assets	125,431	74,260	51,171	21,647
B.II.1.	Land and structures	32,770	11,372	21,398	345
B.II.1.2.	Structures	32,770	11,372	21,398	345
B.II.2.	Tangible movable assets and sets of tangible movable assets	91,260	62,888	28,372	19,902
B.II.5.	Prepayments for tangible fixed assets and tangible fixed assets under construction	1,401	–	1,401	1,400
B.II.5.2.	Tangible fixed assets under construction	1,401	–	1,401	1,400
B.III.	Non-current financial assets	–	–	–	34,452
B.III.5.	Other non-current securities and investments	–	–	–	34,452
C.	Current assets	311,661	131	311,530	277,346
C.II.	Receivables	100,319	131	100,188	117,168
C.II.1.	Long-term receivables	16,180	–	16,180	16,672
C.II.1.4.	Deferred tax asset	3,123	–	3,123	9,416
C.II.1.5.	Receivables - other	13,057	–	13,057	7,256
C.II.1.5.2.	Long-term prepayments made	13,057	–	13,057	7,256
C.II.2.	Short-term receivables	84,139	131	84,008	100,496
C.II.2.1.	Trade receivables	65,887	131	65,756	81,491
C.II.2.4.	Receivables - other	18,252	–	18,252	19,005
C.II.2.4.3.	State - tax receivables	3,344	–	3,344	1,415
C.II.2.4.4.	Short-term prepayments made	7,683	–	7,683	
C.II.2.4.5.	Estimated receivables	7,222	–	7,222	17,579
C.II.2.4.6.	Sundry receivables	3	–	3	11
C.IV.	Cash	211,342	–	211,342	160,178
C.IV.1.	Cash on hand	1,050	–	1,050	2
C.IV.2.	Cash at bank	210,292	–	210,292	160,176
D.	Other assets	1,472	–	1,472	1,582
D.1.	Deferred expenses	1,472	–	1,472	1,582

Liabilities

(in CZK thousand)

	Particulars	As of March31,	
		2020	2019
	TOTAL LIABILITIES AND EQUITY	366,509	337,981
A.	Equity	252,472	215,704
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)
A.II.2.	Capital funds	–	(19,767)
A.II.2.2.	Gains or losses from the revaluation of assets and liabilities (+/-)	–	(19,767)
A.III.	Funds from profit	1,875	1,875
A.III.1.	Other reserve funds	1,875	1,875
A.IV.	Retained earnings (+/-)	214,846	205,816
A.IV.1.	Accumulated profits or losses brought forward (+/-)	214,846	205,816
A.V.	Profit or loss for the current period (+/-)	17,001	9,030
B.+C.	Liabilities	105,907	100,001
B.	Reserves	18,797	51,715
B.II.	Income tax reserve	4,135	4,323
B.IV.	Other reserves	14,662	47,392
C.	Payables	87,110	48,286
C.II.	Short-term payables	87,110	48,286
C.II.4.	Trade payables	32,193	9,688
C.II.8.	Other payables	54,917	38,598
C.II.8.3.	Payables to employees	23,506	22,062
C.II.8.4.	Social security and health insurance payables	9,746	6,013
C.II.8.6.	Estimated payables	21,385	10,509
C.II.8.7.	Sundry payables	280	14
D.	Other liabilities	8,130	22,276
D.1.	Accrued expenses	1,801	14,394
D.2.	Deferred income	6,329	7,882

Profit and Loss Account

(in CZK thousand)

	Particulars	Year ended March 31,	
		2020	2019
I.	Sales of products and services	512,708	386,724
A.	Purchased consumables and services	74,578	67,631
A.2.	Consumed material and energy	5,953	5,936
A.3.	Services	68,625	61,695
D.	Staff costs	363,664	265,435
D.1.	Payroll costs	266,119	193,142
D.2.	Social security and health insurance costs and other charges	97,545	72,293
D.2.1.	Social security and health insurance costs	89,988	66,922
D.2.2.	Other charges	7,557	5,371
E.	Adjustments to values in operating activities	12,500	8,461
E.1.	Adjustments to values of intangible and tangible fixed assets	12,448	8,449
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	12,448	8,449
E.3.	Adjustments to values of receivables	52	12
F.	Other operating expenses	10,794	38,674
F.1.	Net book value of sold fixed assets	76	–
F.3.	Taxes and charges	59	34
F.4.	Reserves relating to operating activities and complex deferred expenses	(32,730)	36,978
F.5.	Sundry operating expenses	43,389	1,662
*	Operating profit or loss (+/-)	51,172	6,523
IV.	Income from non-current financial assets - equity investments	17,929	–
IV.2.	Other income from equity investments	17,929	–
G.	Costs of equity investments sold	54,219	–
VI.	Interest income and similar income	2	247
VI.2.	Other interest income and similar income	2	247
VII.	Other financial income	21,713	14,026
K.	Other financial expenses	7,279	4,201
*	Financial profit or loss (+/-)	(21,854)	10,072
**	Profit or loss before tax (+/-)	29,318	16,595
L.	Income tax	12,317	7,565
L.1.	Due income tax	6,024	11,418
L.2.	Deferred income tax (+/-)	6,293	(3,853)
**	Profit or loss net of tax (+/-)	17,001	9,030
***	Profit or loss for the current period (+/-)	17,001	9,030
*	Net turnover for the current period	552,352	400,997

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 2018	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)	–	–	–	(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
Distribution of profit or loss	–	–	–	9,030	(9,030)	–
Gains or losses from the revaluation of assets and liabilities	–	19,767	–	–	–	–
Profit or loss for the current period	–	–	–	–	17,001	17,001
Balance at March 31, 2020	18,750	–	1,875	214,846	17,001	252,472

Cash Flow Statement

(in CZK thousand)

	Particulars	Year ended March 31,	
		2020	2019
P.	Opening balance of cash and cash equivalents	160,178	140,899
	Cash flows from ordinary activities (operating activities)		
Z.	Profit or loss before tax	29,318	16,595
A.1.	Adjustments for non-cash transactions	16,134	51,975
A.1.1.	Depreciation of fixed assets	12,448	8,449
A.1.2.	Change in provisions and reserves	(32,678)	43,773
A.1.3.	Profit/(loss) on the sale of fixed assets	36,366	–
A.1.5.	Interest expense and interest income	(2)	(247)
A.*	Net operating cash flow before changes in working capital	45,452	68,570
A.2.	Change in working capital	35,425	(31,898)
A.2.1.	Change in operating receivables and other assets	10,747	(45,768)
A.2.2.	Change in operating payables and other liabilities	24,678	13,870
A.**	Net cash flow from operations before tax	80,877	36,672
A.5.	Income tax paid from ordinary operations	(6,212)	(1,091)
A.***	Net operating cash flows	74,665	35,581
	Cash flows from investing activities		
B.1.	Fixed assets expenditures	(41,430)	(16,302)
B.2.	Proceeds from fixed assets sold	17,929	
B.***	Net investment cash flows	(23,501)	(16,302)
	Cash flow from financial activities		
C.***	Net financial cash flows		
F.	Net increase or decrease in cash and cash equivalents	51,164	19,279
R.	Closing balance of cash and cash equivalents	211,342	160,178

Year ended March 31, 2020

(in CZK thousand)

1. General information and description of the business

Incorporation and description of the Company

Infosys (Czech Republic) Limited s.r.o. (hereinafter "the Company") was incorporated on February 4, 2004 following its registration in the Register of Companies held by the Regional Court in Brno, Insert No. 45386, File C. The principal business activities of the Company include the production, trade and services not listed in Appendices 1 to 3 of the Trade Licensing Act, and accounting advisory, book-keeping and tax records keeping.

Reporting Period

April 1, 2019 –March 31, 2020

Company owners

The Company's shareholder as of March 31, 2020:

Infosys BPM Limited 100 %

561229 Bengaluru, Electronics City, Hosur Road, Plot Nos. 26/3, 26/4, 26/6

India

Registered office of the Company

Infosys (Czech Republic) Limited s.r.o.

Vlněna 526/1, Trnitá

Postcode 602 00, Brno

Corporate ID

269 18 757

Statutory Body

The sole Executive Director of the Company as of March 31, 2020:

KAPIL JAIN

Acting on behalf of the Company

The Executive Director acts independently on behalf of the Company.

Members of the Supervisory Board as of March 31, 2020:

Chairman of the Board of Directors:

RITESH GANDHI

Member of the Board of Directors

JAN SKOTÁK

The consolidated financial statements of the broadest group of reporting entities, the part of which the Company as a consolidated entity is, are prepared by Infosys Limited, based in Electronics City, Hosur Road, Bengaluru, 560 100 India. The consolidated financial statements can be obtained in the consolidating entity's registered office.

The consolidated financial statements of the narrowest group of reporting entities, the part of which the Company as a consolidated entity is, are prepared by Infosys BPM Limited based at Plot Nos. 26/3, 26/4, 26/6, Electronics City, Hosur Road, Bangalore, 560 100 India. The consolidated financial statements can be obtained in the consolidating entity's registered office.

Changes in the corporate records made in the Register of Companies:

In the year ended March 31, 2020, the following changes were recorded:

Registered office of the Company

Vlněna 526/1, Trnitá,

602 00, Brno

Member of the Supervisory Board:

NARAYANAN SAMPATH,

born on May 11, 1959

560070 Bengaluru, F 301, Adarsh Residency, 47th Cross, 8th Block, Jayanagar, Republic of India

Membership origination date: July 18, 2018

Recorded on: July 9, 2019

Member of the Supervisory Board:

JAN SKOTÁK,

born on September 19, 1974

Sochorova 3214/44, Žabovřesky, 616 00 Brno

Membership origination date: July 9, 2019

Organizational structure

The Company is managed by the Executive Director.

2. Significant accounting policies applied by the Company

The financial statements were prepared in accordance with Act No. 563/1991 Coll., on Accounting, as amended (hereinafter "the Accounting Act") and Regulation No. 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 financial statements were prepared under the assumption of the Company's ability to operate as a going concern.

Estimation of uncertainties concerning the COVID-19 global pandemic in the area of health

The Company assessed possible impacts on the carrying amounts of receivables and unvoiced revenues that may arise from the COVID-19 pandemic. In developing assumptions concerning potential future uncertainties in the global economic conditions due to this pandemic, the Company used both internal and external information sources and related information and economic forecasts as of the date of approval of these financial statements. The Company expects to recover the carrying amount of these assets and will continue to thoroughly monitor all significant changes of future economic conditions.

(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 2,500 are not presented on the face of the Balance Sheet and are expensed in the year of acquisition. The following table shows the depreciation methods and periods by asset type:

Asset	Depreciation method	Time of depreciation
Office equipment	straight-line	60 months
PC equipment	straight-line	30 - 60 months

Technical improvements on tangible assets held under a lease (buildings) are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful life.

(b) Non-current financial assets

Non-current financial assets are valued in line with Sections 25 and 27 of the Accounting Act and Sections 48 and 51 of the Regulation.

In line with the Act and the Regulation, securities and equity investments are measured at acquisition cost. In the event of impairment of the financial assets, the Company recognizes a provision.

(c) Provisions and reserves

Receivables

The Company establishes provisions against doubtful receivables based on an analysis of individual debtor's solvency.

Reserves

Reserve for outstanding vacation days

The reserve for outstanding vacation days at the Balance Sheet date is established based on an analysis of the outstanding vacation days and the average payroll costs, including the costs of social security and health insurance payments per employee.

Income tax reserve

The income tax reserve is established due to the fact that the date of preparing the financial statements precedes the date at which the tax liability is determined. In the subsequent reporting period, the reserve is released and the identified tax liability is recognized. The Company recognizes 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 recognized 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. Payments in CZK from a bank account maintained in a foreign currency (EUR, USD) are translated using an internal exchange rate of Citi Bank a.s., Deutsche Bank. During the reporting period, solely realized foreign exchange rate gains and losses are reported.

At the Balance Sheet date, the relevant assets and liabilities denominated in foreign currencies are translated at the Czech National Bank's exchange rate prevailing as of that date. Unrealized foreign exchange rate gains and losses are recognized in the profit or loss for the reporting period.

(e) Assets held under leases

The Company reports leasehold assets by including the lease payments in expenses on a straight-line basis over the lease period. Upon the expiry of the lease and exercise of the option to purchase the leased asset, the subject of the lease is reported as part of the Company's assets at purchase (replacement) cost.

(f) Income taxation

The tax payable for the given period includes the tax currently payable and the change in the deferred tax balance.

The tax currently payable includes the estimate of the tax calculated from the tax base using the tax rate applicable on the last day of the reporting period and all additional taxes and tax refunds for prior periods.

The deferred tax is based on all temporary differences between the accounting and tax values of assets and liabilities, using the anticipated tax rate valid for the period in which the tax asset will be realized or the liability settled.

A deferred tax asset is recognized only if it is likely that it will be realized in the following reporting periods.

(g) Classification of payables

The Company classifies a portion of long-term payables, bank loans and financial borrowings maturing within less than one year from the Balance Sheet date as short-term payables.

Accrued expenses and deferred income are recognized 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 previous 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 recognized when the relating services are realized and the income from the latest billing as of the recognition date is recognized as unbilled income.

(j) Revenue recognition

Revenues are recognized as of the date of realizing 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 recognizes 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 recognizes 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 recognized 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 recognized 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 transactions

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 March 31, 2020, no changes were made in the accounting principles and policies.

4. Tangible fixed assets

Particulars	Buildings	Machinery and equipment, Account No. 042	Financial assets	Total
Cost				
Balance at April 1, 2019	10 358	77 574	34 452	122 384
Additions	23 377	17 992		41 369
Disposals	965	2 905	34 452	38 322
Exchange rate difference				
Reclassification	–	–	–	–
Balance at March 31, 2020	32 770	92 660	–	125 431
Accumulated depreciation				
Balance at April 1, 2019	10 013	56 272	–	66 285
Depreciation	2 324	9 521	–	11 845
Accumulated depreciation on disposals	965	2 905	–	3 870

Particulars	Buildings	Machinery and equipment, Account No. 042	Financial assets	Total
Reclassification	–	–	–	–
Balance at March 31, 2020	11 372	62 888	–	74 260
Net book value at April 1, 2019	345	21 302	34 452	56 099
Net book value at March 31, 2020	21 398	29 773	–	51 171

Major additions to fixed assets in the reporting period included the purchase of IT equipment and computers and also new office premises equipment.

The most significant disposals of tangible fixed assets included the sale of financial assets (an equity investment in Unsilo A/S, with its registered office at: Inge Lehmannsgade 10, 8000 Aarhus C, Denmark).

None of the Company's assets have been pledged as security.

Particulars	Buildings	Machinery and equipment, Account No. 042	Fixed assets under construction	Total
Cost				
Balance at April 1, 2018	10 358	65 798	50 907	127 063
Additions	–	12 913	–	12 913
Disposals	–	1 137	31 599	32 736
Reclassification	–	–	–	–
Balance at March 31, 2019	10 358	77 574	34 452	122 384
Accumulated depreciation				
Balance at April 1, 2018	9 644	49 764	–	59 408
Depreciation	369	7 645		8 014
Accumulated depreciation on disposals	–	1 137	–	1 137
Reclassification	–	–		
Balance at March 31, 2019	10 013	56 272	–	66 285
Net book value at April 1, 2018	714	16 034	50 907	67 655
Net book value at March 31, 2019	345	21 302	34 452	56 099

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, Brno, Postcode 639 00. The validity of lease agreements was terminated as of March 15, 2020. At the same time, new lease agreements were entered into with the validity from March 15, 2020 with the option of further extension. The total lease expenses amounted to CZK 18,190 thousand and CZK 25,416 thousand in the years ended March 31, 2020 and 2019, respectively.

6. Trade receivables and payables

(a) Short-term trade receivables amounted to CZK 65,887 thousand (March 31, 2019 – CZK 81,570 thousand), of which CZK 49,706 thousand (March 31, 2019 – CZK 56,491 thousand) included past-due receivables. The provision against doubtful receivables amounted to CZK 131 thousand and CZK 79 thousand as of March 31, 2020 and 2019, respectively.

(b) Short-term trade payables amounted to CZK 32,193 thousand (March 31, 2019 – CZK 9,688 thousand), of which CZK 14,055 thousand (March 31, 2019 – CZK 7,017 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 7,683 thousand (March 31, 2019 – CZK 0 thousand).

Long-term advance payments made include prepayments for the lease of office premises in the amount of CZK 13,057 thousand (March 31, 2019 – CZK 7,256 thousand).

8. Statement of changes in equity

As of the date of signing the financial statements, no decision was made about the transfer of profit for fiscal 2019-2020. The Company's management anticipates transferring the profit generated in the reporting period to retained earnings.

9. Reserves

Particulars	Reserve for outstanding vacation days	Reserve for risks	Reserve for income tax	Reserve for other risks	Total
Balance at April 1, 2019	3 345	43 036	4 323	1 011	51 715
Change in reserves	944	(34 955)	(188)	1 281	(2 918)
Balance at March 31, 2020	4 289	8 081	4 135	2 292	18 797

The income tax reserve in the amount of CZK 9,500 thousand (March 31, 2019 – CZK 10,423 thousand), the advance payments made in the amount of CZK 5,365 thousand (March 31, 2019 – CZK 6,100 thousand), and the relevant payable are reported in the line 'Reserve for income tax' in the amount of CZK 4,135 thousand (March 31, 2019 – CZK 4,323 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 in the amount of CZK 8,081 thousand (March 31, 2019 – CZK 43,036 thousand) and the reserve for other risks amounts to CZK 2,292 thousand. The reserve for outstanding vacation days amounts to CZK 4,289 thousand (March 31, 2019 – CZK 3,345 thousand).

10. Sales

In the reporting period, the sales of services were as follows:

Particulars	Year ended March 31, 2020				Year ended March 31, 2019			
	In-country	Europe and USA	India	Total	In-country	Europe and USA	India	Total
Advisory, HW and SW consulting	59 935	118 248	334 525	512 708	57 138	142 209	187 377	386 724
Total	59 935	118 248	334 525	512 708	57 138	142 209	187 377	386 724

11. Related party transactions

(a) Trade receivables and payables

Particulars	Receivables at March 31, 2020	Receivables at March 31, 2019	Payables at March 31, 2020	Payables at March 31, 2019
Infosys Poland Sp.z.o.o	–	69	5	(1)
Infosys BPM Ltd	402	1 484	–	–
Infosys Technologies Limited	34 472	19 683	–	–
Balance at March 31, 2020	34 874	21 236	5	(1)

Sales of goods and services and purchases thereof

Year ended March 31, 2020	Sales for the year	Purchases for the year
Infosys Poland Sp. z o.o.	170	31
Infosys BPM Ltd	18 763	–
Infosys Limited	315 604	–
Total	334 537	31

Year ended March 31, 2019	Sales for the year	Purchases for the year
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

(b) Benefits and loans provided to the members of Statutory and Supervisory Bodies

In the years ended March 31, 2020 and 2019, 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 68,625 thousand (March 31, 2019 – CZK 61,695 thousand), which principally included the lease expenses in the amount of CZK 18,190 thousand (March 31, 2019 – CZK 25,416 thousand).

13. Other operating expenses

In compliance with the decision of the Ministry of Trade on October 30, 2019, in the current reporting period the Company returned a subsidy amount of CZK 41,048 thousand due to a failure to meet several conditions concerning the subsidy provision.

14. Employees and managers

The average re-calculated number of employees and managers, and the staff costs for the years ended March 31, 2020 and 2019 were as follows:

Year ended March 31, 2020	Headcount	Payroll costs	Social security and health insurance costs	Social costs
Employees	598	262 567	89 242	7 545
Managers	1	3 462	746	12
Total	599	266 119	89 988	7 557

Year ended March 31, 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

15. Estimated receivables

Total estimated receivables amounted to CZK 7,222 thousand (March 31, 2019 – CZK 17,579 thousand) and included estimated unbilled services and accrual contracts income.

16. Estimated payables

Total estimated payables amounted to CZK 21,385 thousand (March 31, 2019 – CZK 10,509 thousand) and included estimated unbilled services.

17. Accrued expenses

Total accrued expenses amount to CZK 1,801 thousand (March 31, 2019 – CZK 14,394 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 expense.

18. Deferred income

Total deferred income amounts to CZK 6,329 thousand (March 31, 2019 – CZK 7,882 thousand) and represents deferred income from long-term projects with customers.

19. Other financial expenses and income

Other financial expenses in the amount of CZK 7,279 thousand (March 31, 2019 – CZK 4,201 thousand) and other financial income in the amount of CZK 21,713 thousand (March 31, 2019 – CZK 14,026 thousand) principally included realized and unrealized foreign exchange rate gains and losses.

20. Other income from equity investments and costs of equity investments sold

Other income from equity investments in the amount of CZK 17,929 thousand (March 31, 2019 – CZK 0 thousand) and costs of equity investments sold in the amount of CZK 54,219 thousand. (March 31, 2019 – CZK 0 thousand) included reporting of the sale of the equity investment in Unsilo A/S.

21. Due amounts arising from social security and health insurance

The amounts due arising from social security and health insurance amounted to CZK 9,746 thousand (March 31, 2019 – CZK 6,013 thousand), of which the amount of CZK 6,929 thousand (March 31, 2019 – CZK 4,428 thousand) included estimated social security payments and the amount of CZK 2,817 thousand (March 31, 2019 – CZK 1,585 thousand) included estimated health insurance payments. None of these amounts were past their due dates.

22. 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.

23. Income taxation

(a) Tax currently payable

The income tax payable comprises the estimated tax amount for the taxation period ended March 31. 2020 in the amount of CZK 9,500 thousand (taxation period ended March 31, 2019 – CZK 10,423 thousand), and an adjustment of the estimated income tax for the taxation period ended March 31, 2019 of CZK 3,285 thousand (taxation period ended March 31, 2018 – CZK 995 thousand) and an overpayment in the amount of CZK 191 thousand.

(b) Deferred tax

Particulars	Asset		Liabilities	
	Balance at March 31,		Balance at March 31,	
	2020	2019	2020	2019
Fixed assets	312	396	–	–
Receivables	25	–	–	–
Reserves	2 786	9 005	–	–
Other temporary differences	3 123	15	–	–
Deferred tax asset / (liability)	312	9 416	–	–

In line with the accounting policies presented in Note 2 (f) above, the Company recognized a deferred tax asset, as it assumes that the deferred asset will be recovered, with regard to the result for the year ended March 31, 2020. In line with the accounting policies presented in Note 2 (f) above, in calculating deferred tax as of March 31, 2020, the applied tax rate amounted to 19% (2019 – 19%).

24. 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.

25. Cash flow statement

For the purposes of the cash flow statement, cash and cash equivalents are defined as cash on hand, cash in transit, cash at bank, and other financial assets, the value of which can be reliably determined and which are easily convertible into cash. The balance of cash and cash equivalents as of the Balance Sheet date was as follows:

Particulars	Balance at March 31	
	2020	2019
Total current financial assets	211 342	160 178
Cash and cash equivalents	211 342	160 178

Cash flows from operating, investment and financial activities presented in the cash flow statement are not offset.

26. Significant post Balance Sheet events

As of the Balance Sheet date, the Company's management is not aware of any significant post Balance Sheet events that would have a material impact on the financial statements as of March 31, 2020.

Report on relations

For the accounting period April 1, 2019 – March 31, 2020

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 April 1, 2019 – March 31, 2020 (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 March 31, 2020 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, Bengaluru, 561229 India
Controlled person	Infosys (Czech Republic) Limited s.r.o, Vlněna, 526/1, Trnitá, 602 00 Brno, Czech Republic Corporate ID 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 globalization, 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 organizations that outsource their business processes. The Company provides services to these organizations (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 the sole 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% 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.

Particulars	Sales for the Decisive Period in TCZK	Purchases for the Decisive Period in TCZK
Infosys BPM Limited	18 763	–
Infosys Limited	315 604	–

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.

Particulars	Sales for the Decisive Period in TCZK	Purchases for the Decisive Period in TCZK
Infosys Poland Sp.z.o.o.	170	31

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 utilizes 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 May 18, 2020

KAPIL JAIN
Executive Director
Infosys (Czech Republic) Limited s.r.o.

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WongDoody Holding Company, Inc.

Consolidated Financial Statements
Years Ended December 31, 2019 and 2018

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 Sheets as of December 31, 2019 and 2018, 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, 2019 and 2018, 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

May 8, 2020

Consolidated Balance Sheet

In US$

Particulars	As at December 31, 2019	As at December 31, 2018
Assets		
Current Assets		
Cash	13,275,000	10,189,000
Accounts receivable	4,637,000	5,289,000
Prepaid expenses and other current assets	344,000	239,000
Total Current Assets	18,256,000	15,717,000
Deferred tax assets	7,841,000	8,015,000
Property and equipment, net	905,000	894,000
Other long-term assets	156,000	123,000
Total Assets	27,158,000	24,749,000
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	1,049,000	1,047,000
Accrued compensation	3,608,000	1,844,000
Accrued expenses	23,000	16,000
Advance billings	2,707,000	4,857,000
Income taxes payable	289,000	176,000
Current portion of deferred rent	28,000	17,000
Current portion of capital lease obligations	154,000	185,000
Total current liabilities	7,858,000	8,142,000
Deferred rent, net of current portion	300,000	234,000
Capital lease obligations, net of current portion	39,000	161,000
Total liabilities	8,197,000	8,537,000
Commitments (Notes 6 and 7)		
Stockholders' equity		
Common stock	9,911,000	9,911,000
Retained earnings	9,050,000	6,301,000
Total stockholders' equity	18,961,000	16,212,000
Total liabilities and stockholders' equity	27,158,000	24,749,000

See accompanying notes to consolidated financial statements.

Consolidated Statement of Income

In US$

Particulars	Year ended December 31,	
	2019	2018
Revenues	34,052,000	24,992,000
Operating expenses		
Salaries and related expenses	23,857,000	16,626,000
General and administrative expenses	6,657,000	4,911,000
Total operating expenses	30,514,000	21,537,000
Income from operations	3,538,000	3,455,000
Other income (expense), net		
Interest expense	(11,000)	(29,000)
Interest income	155,000	27,000
Interest income from stockholder	–	16,000
Total other income, net	144,000	14,000
Income before income taxes	3,682,000	3,469,000
Income tax expense	933,000	908,000
Net income	2,749,000	2,561,000

See accompanying notes to consolidated financial statements.

Consolidated Statement of Stockholders' Equity

In US$

	Common stock		Note receivable from stockholder	Retained earnings	Total
	Shares	Amount			
Balance, January 1, 2018	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
Net income	–	–	–	2,749,000	2,749,000
Balance, December 31, 2019	2,000	9,911,000	–	9,050,000	18,961,000

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

In US$

Particulars	Year ended December 31,	
	2019	2018
Operating activities		
Net income	2,749,000	2,561,000
Adjustments to reconcile net income to net cash provided by		
operating activities:		
Depreciation and amortization	457,000	432,000
Accrued interest on note receivable from stockholder	–	(16,000)
Forgiveness of note receivable from stockholder	–	1,858,000
Deferred tax benefit	174,000	(48,000)
Changes in operating assets and liabilities:		
Accounts receivable	652,000	1,020,000
Prepaid expenses and other assets	(138,000)	(42,000)
Accounts payable	2,000	(3,576,000)
Income taxes payable	113,000	176,000
Advance billings	(2,150,000)	1,677,000
Accrued compensation	1,764,000	711,000
Accrued expenses	7,000	(7,000)
Deferred rent	77,000	62,000
Net cash from operating activities	3,707,000	4,808,000
Investing activities		
Purchases of property and equipment	(423,000)	(120,000)
Net cash used in investing activities	(423,000)	(120,000)
Financing activities		
Repayments under notes payable	–	(1,330,000)
Payments of capital lease obligations	(198,000)	(247,000)
Distributions to stockholders	–	(993,000)
Net cash used in financing activities	(198,000)	(2,570,000)
Net increase in cash	3,086,000	2,118,000
Cash, beginning of year	10,189,000	8,071,000
Cash, end of year	13,275,000	10,189,000
Supplemental disclosure of cash flow information		
Cash paid for interest	11,000	29,000
Cash paid for taxes	647,000	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	45,000	91,000

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

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., two companies that are 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").

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. The Company's significant estimates include the allowance for doubtful accounts and the estimated useful lives of assets. Accordingly, 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 $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, 2019, and 2018, the Company accrued $816,850 and $811,000, respectively. The amount accrued as of year-end represents the portion of the bonus related to the services provided from the date of the last payment in May through the end of the year.

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 at the acquisition date was $3,100,000. The maximum amounts payable for the years ended or ending December 31, 2019 and 2020 are $1,500,000 and $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, 2019, the Company has accrued $1,900,000 for payments due for the year ended December 31, 2019. This includes the $400,000 accrued in 2018 that has not been paid as of December 31, 2019.

Revenue Recognition

Effective January 1, 2019, the Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers, ("ASC 606") using the modified retrospective transition method, with the cumulative effect of the initial adoption being recognized as an adjustment to opening retained earnings at January 1, 2019. As a result, comparative periods have not been adjusted and continue to be reported under ASC Topic 605, Revenue Recognition ("ASC 605").

Under ASC 606, revenue is recognized when a customer obtains control of promised goods or services (the performance obligation) in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services (the transaction price). The Company measures revenue by estimating the transaction price based on the consideration specified in the client arrangement. Revenue is recognized as the performance obligations are satisfied. The Company's revenue is primarily derived from providing advertising services to its customers, including creative strategy and development, strategic planning, market plan development, connection planning, advertising, digital marketing, retail marketing, and video/digital/print production. The Company's contracts are primarily retainer contracts for advertising services or fees for service on a rate per hour or per project basis for project-based work. Revenue is recorded net of sales tax.

Performance Obligation

In substantially all of the Company's contracts, the performance obligation is to provide creative consulting services at an agreed-upon level of effort to accomplish the specified engagement. The customer contracts are comprised of arrangements involving fees based on an agreed upon monthly billing rate over the term of the agreement, a fixed fee for the defined project, or an agreed upon rate per hour. The transaction price of a contract is allocated to each distinct performance obligation based on its relative stand-alone selling price and is recognized as revenue, when, or as, the customer receives the benefit of the performance obligation. Clients typically receive and consume the benefit of the services as they are performed. Substantially all client contracts provide that the Company is compensated for services performed to date and allow for cancellation by either party on short notice without penalty.

Generally, the Company's short-term contracts, which normally take 30 to 90 days to complete, consist of a single performance obligation. As a result, the Company does not consider the underlying services as separate or distinct performance obligations because the services are highly interrelated, occur in close proximity, and the integration of the various components of a marketing message is essential to overall service. In certain of the Company's long-term retainer contracts, which have a term of up to one year, the performance obligation is a stand-ready obligation because the Company provides a constant level of similar services over the term of the contract. In certain creative services agreements, the Company acts as an agent and arranges, at the client's direction, for third-parties to perform studio production efforts.

Revenue Recognition Methods

A substantial portion of the Company's revenue is recognized over time, as the services are performed, because the client receives and consumes the benefit of the Company's performance throughout the contract period, or the Company creates an asset with no alternative use and is contractually entitled to payment for the performance to date in the event the client terminates the contract for convenience. For the client contracts, other than when the Company has a stand-ready obligation to perform services, revenue is recognized over time using input measures that correspond to the level of staff effort expended to satisfy the performance obligation on a rate per hour or equivalent basis. For the client contracts when the Company has a stand-ready obligation to perform services on an ongoing basis over the life of the contract, typically for periods up to one year, where the scope of these arrangements is broad and there are no significant gaps in performing the services, the Company recognizes revenue using a time-based measure resulting in a straight-line revenue recognition. From time to time, there may be changes in the client service requirements during the term of a contract and the changes could be significant. These changes are typically negotiated as new contracts covering the additional requirements and the associated costs, as well as additional fees for the incremental work to be performed.

Principal vs. Agent

For certain contracts, the Company incurs third-party costs on behalf of clients, including direct costs and incidental or out-of-pocket costs. Third-party direct costs incurred in connection with the creation and delivery of advertising services include, among others: purchased media, studio production services, specialized talent, including artists and other freelance labor, materials and services, and other related expenditures. Out-of-pocket costs include, among others: transportation, hotel, meals and telecommunication charges incurred by the Company in the course of providing services. Billings related to out-of-pocket costs are included in revenue since the Company controls the goods or services prior to delivery to the client.

The inclusion of billings related to third-party direct costs in revenue depends on whether the Company acts as a principal or as an agent in the client arrangement. In the contracts which include studio production efforts and media planning and buying services, we act as an agent and arrange, at the client's direction, for third parties to perform certain services. In these cases, we do not control the goods or services prior to the transfer to the client. As a result, revenue is recorded net of these costs.

For contracts entered into with Infosys, the Company's parent, the Company acts as principal when contracting for third-party services on behalf of Infosys. This is because the Company controls the specified services before they are transferred to Infosys and the Company is responsible for providing the specified services or is responsible for directing and integrating the third-party services to fulfill performance obligation outlined in the contract at an agreed upon price. In such arrangements, the Company also assumes pricing risk under the terms of the contract. For all contracts with Infosys, the Company includes the billable amounts related to third-party costs in the transaction price and records revenue over time at the gross amount billed.

Variable Consideration

Some of the Company's client arrangements include variable consideration provisions, which include prompt-payment discounts. Variable consideration is estimated and included in total consideration at contract inception based on either the expected value method or the most likely outcome method. These estimates are based on historical experience and other factors known at the time.

Advertising Costs

The Company expenses all advertising costs when incurred. Advertising expense for the years ended December 31, 2019 and 2018 was approximately $142,000 and $198,000, 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 FASB 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, 2019, and 2018, 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, 2019, advance billings included $353,000 of such fees and $2,354,000 of pass-through related costs, respectively. As of December 31, 2018, advance billings included $1,604,000 of such fees and $3,253,000 of pass-through related costs, respectively.

New Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update ("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, 2022, and early adoption is permitted. The Company is currently reviewing the provisions of this standard to determine the effect on its consolidated financial statements.

Subsequent Events

The date to which events occurring after December 31, 2019, have been evaluated for possible adjustment to the financial statements or disclosure therein is May 8, 2020, which is the date on which the financial statements were available to be issued.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company's financial condition, liquidity, and the future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2020.

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. The Company has elected to defer employer side social security payments as allowed under the CARES Act.

It also appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. There is no assurance we are eligible for these funds or will be able to obtain them.

We continue to examine the impact that the CARES Act may have on our business. Currently, we are unable to determine the impact that the CARES Act will have on our financial condition, results of operation, or liquidity.

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, 2019, one customer represented approximately 37% of the Company's total revenues and approximately 43% of the Company's total accounts receivable as of December 31, 2019. Two of the Company's customers represented approximately 8% and 13% of the Company's total revenues and approximately 24% and 7% of the Company's total accounts receivable, respectively, as of December 31, 2019. 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. 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. Receivables are written-off as uncollectible on a periodic judgmental basis after collection efforts have been unsuccessful. There was no allowance for doubtful accounts deemed necessary at December 31, 2019 and 2018.

3. Property and Equipment

Property and equipment consist of the following:

in US$

	As at December 31,	
	2019	2018
Furniture, fixtures, and office equipment	1,136,000	1,038,000
Computer hardware and software	1,084,000	885,000
Leasehold improvements	1,258,000	1,178,000
	3,478,000	3,101,000
Less accumulated depreciation and amortization	(2,573,000)	(2,207,000)
Property and Equipment, net	905,000	894,000

Depreciation and amortization expense related to property and equipment for the years ended December 31, 2019 and 2018 was $457,000 and $432,000, respectively. Property and equipment as of December 31, 2019 and 2018 included total cost of $1,023,000 and $1,069,000 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 who was also an employee 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 $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 $1,000,000 that was secured by all of the Company's accounts receivable 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 $2,308,000. The loan was refinanced on January 5, 2015, and the Company received an additional $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 $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 was no balance outstanding as of December 31, 2019 or 2018.

The aggregate amount of long-term debt and capital lease obligations is as follows:

in US$

	As at December 31,	
	2019	2018
Capital leases	193,000	346,000
Less current portion	(154,000)	(185,000)
Capital Lease Obligations	39,000	161,000

The aggregate amounts of payments of capital lease obligations are as follows as of December 31, 2019:

Year ending December 31,	in US$
2020	153,000
2021	30,000
2022	9,000
2023	1,000
Total future payments	193,000
Less amount representing interest on capital leases	(5,000)
	188,000

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 $1,467,000 and $1,272,000 for the years ended December 31, 2019 and 2018, 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, 2019:

Year ending December 31,	in US$
2020	1,383,000
2021	1,389,000
2022	1,066,000
2023	1,098,000
2024	370,000
Future Minimum Rental Payments	5,306,000

8. Income Taxes

Income tax expense in the statement of income is comprised of:

in US$

	As at December 31,	
	2019	2018
Current tax expense	759,000	956,000
Deferred tax expense (benefit)	174,000	(48,000)
Total Income Tax Expense	933,000	908,000

For the year ended December 31, 2019, 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 and liabilities are as follows:

in US$

	As at December 31,	
	2019	2018
Fixed assets	(46,000)	-
Accrued compensation	652,000	292,000
Accrued vacation	165,000	5,000
Other liabilities	79,000	35,000
Other assets	(79,000)	26,000
Goodwill and intangible assets from acquisition	7,070,000	7,657,000
Net Deferred Tax Assets	7,841,000	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, 2019, 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 $170,000 and $135,000 for the years ended December 31, 2019 and 2018, respectively.

10. Related Party Transactions

During the year ended December 31, 2019, the Company performed certain services for Infosys, the Company's parent as of May 22, 2018. The related party receivable balance at December 31, 2019 and 2018 totaled $768,000 and $339,000, respectively. Revenues from Infosys during the year ended December 31, 2019 totaled $6,600,000, and the professional services performed for Infosys totaled $1,100,000. Revenues from Infosys during the year ended December 31, 2018 totaled $543,000, and the professional services performed for Infosys totaled $90,000. For the year ended December 31, 2019, revenue from Infosys represented approximately 23% of the Company's total revenues and approximately 17% of the Company's total accounts receivable as of December 31, 2019. For the year ended December 31, 2018, revenue from Infosys represented approximately 3% of the Company's total revenues and approximately 6% of the Company's total accounts receivable as of December 31, 2018.

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 Infy Consulting Ltda ('the Company'), which comprises the Balance Sheet as at 31st December 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 statements 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 December 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 Statements:

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

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

UDIN : 202841AAABVX5608

Place: Bengaluru.
Date: March 31, 2020

Balance Sheet

in BRL

Particulars	Note no.	As at December 31, 2019	As at December 31, 2018
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	2.1	1,460,385	82,268
Capital work-in-progress		52,448	–
Other financial assets	2.2	60,000	–
Income tax assets (net)	2.15	9,486,152	16,130,850
Total non-current assets		11,058,985	16,213,118
CURRENT ASSETS			
Financial assets			
Trade receivables	2.3	81,296,707	15,527,492
Cash and cash equivalents	2.4	10,547,614	11,727,897
Loans	2.5	852,825	116,399
Other financial assets	2.2	53,084,971	5,795,939
Other current assets	2.6	19,668,520	4,925,843
Total current assets		165,450,637	38,093,570
Total assets		176,509,622	54,306,688
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.8	164,915,570	82,656,615
Other equity	2.8	(193,482,396)	(140,577,004)
Total equity		(28,566,826)	(57,920,389)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	2.09	–	51,369,905
Total non-current liabilities		–	51,369,905
Current liabilities			
Financial liabilities			
Trade payables	2.10	39,562,919	13,904,015
Borrowings	2.9	84,625,929	27,022,192
Other financial liabilities	2.11	59,643,928	14,027,920
Other current liabilities	2.12	19,767,400	4,476,360
Provisions	2.13	962,802	438,573
Income tax liabilities (net)	2.14	513,472	988,112
Total current liabilities		205,076,451	60,857,173
Total equity and liabilities		176,509,622	54,306,688

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
March 31, 2020

Statement of Profit and Loss

in BRL, except equity share and per equity share data

Particulars	Note no.	Years ended December 31,	
		2019	2018
Revenue from operations	2.15	79,945,193	54,587,109
Other income, net	2.16	740,077	128,804
Total income		80,685,270	54,715,913
Expenses			
Employee benefit expenses	2.17	70,611,698	49,293,053
Cost of technical sub-contractors		11,797,881	9,929,267
Travel expenses		7,966,414	9,098,961
Communication expenses		1,280,965	524,481
Consultancy and professional charges		4,354,080	3,623,176
Depreciation expenses	2.1	367,395	217,605
Finance cost		6,523,596	1,863,212
Other expenses	2.17	13,787,468	8,736,784
Total expenses		116,689,497	83,286,539
Loss before tax		(36,004,227)	(28,570,626)
Tax expense			
Current tax	2.14	6,787,690	(396,306)
Deferred tax	2.14	–	–
Loss for the year		(42,791,917)	(28,174,320)
Total comprehensive income for the year		(42,791,917)	(28,174,320)
Earnings per equity share			
Equity shares of par value BRL 1 each			
Basic and Diluted (BRL)		(0.26)	(0.34)
Weighted average equity shares used in computing earnings per equity share			
Basic and diluted		164,915,570	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

M. Rathnakar Kamath
Partner
Membership number:. 202841

Bengaluru
March 31, 2020

for and on behalf of Board of Directors of Infosys Consulting Ltda.

Claudio Henrique Elsas
Director

Statement of Changes in Equity

in BRL

Particulars	Equity share capital	Other equity		Total equity attributable to equity holders of the Company
		Reserves and surplus		
		Retained earnings	Business transfer adjustment reserve	
Balance as of January 1, 2018	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)
Changes in equity for the year ended December 31, 2019				
Business transfer reserve	–	–	46,161,794	46,161,794
Transfer during the year	–	–	(56,275,270)	(56,275,270)
Equity instruments through other comprehensive income (Issue of 82,258,955 shares at BRL 1 each)	82,258,955	–	–	82,258,955
Exchange differences on translation	–	–	–	–
Loss for the year	–	(42,791,917)	–	(42,791,917)
Balance as of December 31, 2019	164,915,570	(183,368,921)	(10,113,476)	(28,566,826)

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
March 31, 2020

Statements of Cash Flows

in BRL

Particulars	Year ended December 31,	
	2019	2018
Cash flows from operating activities		
Loss for the year	(42,791,917)	(28,174,320)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation expense	367,395	217,605
Income tax expense	6,787,690	(396,306)
Impairment loss recognized / (reversed) under expected credit loss model	89,066	4,698
Finance Cost	6,523,596	1,863,212
Other adjustments	(870,000)	162,482
Exchange differences on translation of assets and liabilities	–	–
Changes in assets and liabilities		
Trade receivables	(65,858,280)	(1,001,133)
Other financial assets and other assets	(62,091,709)	1,892,683
Trade payables	25,652,216	5,219,468
Other financial liabilities and other liabilities and provisions	62,307,963	(8,989,965)
Cash generated from operations	(69,883,980)	(29,201,576)
Income taxes paid	(617,632)	(2,632,824)
Net cash used in operating activities	(70,501,612)	(31,834,400)
Cash flow from investing activities		
Expenditure on property, plant and equipment	(1,797,961)	(32,058)
Loans to employees	(736,426)	188,433
Adjustment arising out of business transfer	72,145,480	–
Net cash flow from investing activities	69,611,093	156,375
Cash flow from/used in financing activities		
Loan received	6,233,832	43,919,433
Finance Cost	(6,523,596)	(1,863,212)
Proceeds from issue of share capital	–	–
Net cash flow (used in) / from financing activities	(289,764)	42,056,221
Net (decrease) / increase in cash and cash equivalents	(1,180,283)	10,378,196
Cash and cash equivalents at the beginning of the year	11,727,897	1,349,701
Cash and cash equivalents at the end of the year	10,547,614	11,727,897

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 Infosys Consulting Ltda.

Claudio Henrique Elsas
Director

Bengaluru
March 31, 2020

Significant accounting policies

Company overview

Infosys Consulting Ltda. is a wholly-owned subsidiary of Infosys Limited effective August 14, 2018. The Company renders professional management consulting services, thereby enabling its clients to enhance business performance.

With effect from October 1, 2019 Infosys Technologia Do Brasil Ltda. merged with Infosys Consulting Ltda.

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 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 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

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 January 1, 2019, 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 January 1, 2019. 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 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 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.

Maintenance revenue is recognized ratably over the term of the underlying maintenance arrangement.

Revenues in excess of invoicing are classified as contract assets (referred to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (referred to as unearned revenues).

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 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 Ind AS 115 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.

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.

Deferred contract costs are incremental costs of obtaining a contract which are recognized as assets and amortized over the term of the contract.

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.

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 yearend, 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
Leasehold improvements	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 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, 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 BRL.

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 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 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:

2.1 Property, plant and equipment

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

in BRL

Particulars	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Leasehold Improvement	Total
Gross carrying value as of January 1, 2019	6,103	6,816	1,648,738	216,581	–	1,878,237
Additions / Adjustments	1,519,873	498,577	7,395,760	5,221,787	1,193,096	15,829,094
Deletions	–	–	–	–	–	–
Gross carrying value as of December 31, 2019	1,525,976	505,393	9,044,498	5,438,368	1,193,096	17,707,331
Accumulated depreciation as of January 1, 2019	6,103	6,214	1,567,072	216,581	–	1,795,970
Depreciation	16,558	15,003	155,154	101,902	78,778	367,395
Accumulated depreciation on deletions	1,463,510	403,168	7,072,105	4,771,759	373,039	14,083,581
Accumulated depreciation as of December 31, 2019	1,486,171	424,384	8,794,332	5,090,242	451,816	16,246,946
Carrying value as of December 31, 2019	39,805	81,009	250,165	348,126	1,644,913	1,460,385
Carrying value as of January 1, 2019	–	602	81,666	–	–	82,268

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

in BRL

Particulars	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Leasehold Improvement	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)
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 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

2.2 Other financial assets

in BRL

Particulars	As at December 31,	
	2019	2018
Non-current		
Rental deposits [1]	60,000	–
	60,000	–
Current		
Unbilled Revenues	26,083,589	3,283,294
Others [1]	27,001,382	2,512,645
	53,084,971	5,795,939
Total other financial assets	53,144,971	5,795,939
Add: Total other financial assets		
Financial assets carried at amortized cost (Refer to Note 7)	53,144,971	5,795,939
[1] Includes dues from related parties (Refer to Note 2.19)	–	2,512,645

2.3 Trade receivables

in BRL

Particulars	As at December 31,	
	2019	2018
Current		
Unsecured		
Considered good [1]	81,296,707	15,527,492
Considered doubtful	3,507,272	50,576
	84,803,979	15,578,069
Less: Allowances for credit losses	(3,507,272)	(50,576)
Total trade receivables	81,296,707	15,527,492
[1] Includes dues from related parties (Refer to Note 2.19)	6,808,940	10,892,525

2.4 Cash and cash equivalents

in BRL

Particulars	As at December 31,	
	2019	2018
Balances with banks		
In current accounts	10,547,614	11,727,897
Total cash and cash equivalents	10,547,614	11,727,897

2.5 Loans

in BRL

Particulars	As at December 31,	
	2019	2018
Current		
Unsecured, considered good		
Loans to employees	852,825	116,399
	852,825	116,399
Total current loans	852,825	116,399

2.6 Other assets

in BRL

Particulars	As at December 31,	
	2019	2018
Current		
Advances other than capital advance		
Payment to vendors for supply of goods	42,883	–
Others		
Prepaid expenses	212,082	438
Withholding taxes and others	19,413,555	4,925,405
Total current other assets	19,668,520	4,925,843

2.7 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of December 31, 2019 and December 31, 2018 were as follows:

in BRL

Particulars	As at December 31,	
	2019	2018
Assets		
Cash and cash equivalents (Refer to Note 2.4)	10,547,614	11,727,897
Trade receivables (Refer to Note 2.3)	81,296,707	15,527,492
Loans (Refer to Note 2.5)	852,825	116,399
Other financial assets (Refer to Note 2.2)	53,144,971	5,795,939
Total	145,842,117	33,167,727
Liabilities		
Trade payables (Refer to Note 2.10)	39,562,919	13,904,015
Borrowings (Refer to Note 2.9)	84,625,929	78,392,097
Other financial liabilities (Refer to Note 2.11)	49,437,013	13,458,693
Total	173,625,861	105,754,805

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 following table analyses the foreign currency risk from monetary assets and liabilities as at December 31, 2019:

in BRL

Particulars	USD	Euro	GBP	CHF	Other currencies	Total
Cash and cash equivalents	7,844,145	9,568	(9,836)	5,602,476	(2,898,739)	10,547,614
Trade receivables	7,569,880	4,136,337	–	4,099,299	30,636,768	46,442,284
Other financial assets, loans and other current assets	3,607,334	3,496,267	–	(795,510)	67,865,916	74,174,007
Trade payables	(400,513)	(47,145)	–	–	(1,167,591)	(1,615,249)
Other financial liabilities	210,557	3,315	–	–	(87,974,629)	(87,760,757)
Net assets / (liabilities)	18,831,404	7,598,342	(9,836)	8,906,264	6,461,725	41,787,899

The following table analyses the foreign currency risk from monetary assets and liabilities as at December 31, 2018:

in BRL

Particulars	USD	Euro	GBP	CHF	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)	(8,139,232)

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 81,296,707 and BRL 15,527,492 as of December 31, 2019 and December 31, 2018, respectively and unbilled revenue amounting to BRL 26,083,589 and BRL 3,283,294 as of December 31, 2019 and December 31, 2018, 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 89,066 for ECL on customer balances was done for the year ended December 31, 2019 and reversal of BRL 4,698 was done for the year ended December 31, 2018.

in BRL

Particulars	Year ended December 31,	
	2019	2018
Balance at the beginning	61,217	56,118
Impairment loss recognized / reversed	89,066	4,698
Amounts written off	–	–
Translation differences	–	401
Balance at the end	150,283	61,217

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, 2019 and December 31,2018, the Company had cash and cash equivalents of BRL 10,547,614 and BRL 11,727,897 respectively.

As of December 31, 2019 and December 31, 2018, the outstanding compensated absences were BRL 10,206,915 and BRL 569,227 respectively.

2.8 Equity

Equity share capital

in BRL, except as otherwise stated

Particulars	As at December 31, 2019	As at December 31, 2018
Authorized		
164,915,570 (82,656,615) equity shares of BRL1 par value, fully paid	164,915,570	82,656,615
Issued, subscribed and paid-up		
164,915,570 (82,656,615) equity shares of BRL1 par value for 2019, fully paid	164,915,570	82,656,615
(Of the above, 164,915,570 equity shares are held by the holding company, Infosys Limited as at December 31,2019)		
	164,915,570	82,656,615

The details of shareholders holding more than 5% shares as at December 31, 2019 and December 31, 2018 are as follows :

in BRL, except as otherwise stated

Name of the shareholder	As at December 31,			
	2019		2018	
	Number of shares	% held	Number of shares	% held
Infosys Limited	16,49,15,570	100	8,26,56,605	99.99

The Company was acquired by Infosys Limted on August 14,2018.

The entity has acquired Infosys Technologia DO Brazil Ltda as on October 01, 2019

The shares were transferred by minority shareholder to Infosys Limited on December 20, 2019.

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2019 and December 31, 2018 is as follows :

in BRL except as stated otherwise

Particulars	As at December 31,			
	2019		2018	
	Number of shares	Amount	Number of shares	Amount
Number of shares at the beginning of the period	82,656,615	82,656,615	82,656,615	82,656,615
Issue of shares during the year	82,258,955	82,258,955	–	–
Number of shares at the end of the period	164,915,570	164,915,570	82,656,615	82,656,615

With effect from October 01, 2019 Infosys Technologia Do Brasil Ltda. merged with Infosys Consulting Ltda.The additional shares has been received as a part of the merger.

2.9 Borrowings

In BRL

Particulars	As at December 31, 2019	As at December 31, 2018
Non Current		
Unsecured Loan from Fellow subsidiaries (Refer to Note 2.19) (1)	–	51,369,905
Current		
Unsecured Loan from Fellow subsidiaries (Refer to Note 2.19) (1)	84,625,929	27,022,192
Total borrowings	84,625,929	78,392,097

(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 2.19.

2.10 Trade payables

in BRL

Particulars	As at December 31, 2019	As at December 31, 2018
Trade payables (1)	39,562,919	13,904,015
Total trade payables	39,562,919	13,904,015
(1) includes dues to related parties (Refer to Note 2.19)	9,902,187	13,443,714

2.11 Other financial liabilities

In BRL

Particulars	As at December 31, 2019	As at December 31, 2018
Current		
Others		
Accrued compensation to employees*	7,633,991	1,408,410
Accrued expenses (1)*	9,323,383	6,745,577
Compensated absences	10,206,915	569,227
Other payables (2) *	32,479,639	5,304,706
	59,643,928	14,027,920
Total current other financial liabilities	59,643,928	14,027,920
* Financial liability carried at amortized cost	49,437,013	13,458,693
(1) Includes dues to related parties (Refer to Note 2.19)	10,951	339,170
(2) Includes dues to related parties (Refer to Note 2.19)	5,565,627	5,283,570

2.12 Other liabilities

in BRL

Particulars	As at December 31,	
	2019	2018
NON-CURRENT		
Current		
Unearned revenue	3,277,041	934,546
Others		
Client deposits	15,950	71,442
Withholding taxes and others	16,474,410	3,470,372
Total current other liabilities	19,767,400	4,476,360

2.13 Provisions

in BRL

Particulars	As at December 31,	
	2019	2018
Current		
Others		
Post-sales client support	962,802	438,573
Total current Provisions	962,802	438,573

2.14 Income taxes

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

in BRL

Particulars	Year ended December 31,	
	2019	2018
Current taxes	6,787,690	(396,306)
Income tax expense	6,787,690	(396,306)

Current tax expense for the years ended December 31, 2019 and December 31, 2018 includes provisions (net of reversals) amounting to BRL 6,787,690 and reversals (net of provisions) amounting to BRL 396,306 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	Year ended December 31,	
	2019	2018
Profit / (loss) before income tax	(36,004,227)	(28,570,626)
Enacted tax rates in Brazil (%)	34.00	34.00
Computed expected tax expense	(12,241,437)	(9,714,013)
Overseas taxes	6,787,690	(396,306)
Effect of unrecognized deferred tax assets	11,872,474	9,714,014
Income tax expense	6,418,727	(396305)

The applicable Brazil statutory tax rate for year ended December 31,2019 and December 31,2018 is 34%.

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

in BRL

Particulars	Year ended December 31,	
	2019	2018
Income tax assets	9,486,152	16,130,850
Current income tax liabilities	(513,472)	(988,112)
Net current income tax assets / (liability) at the end	8,972,680	15,142,738

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

in BRL

Particulars	Year ended December 31,	
	2019	2018
Net current income tax asset / (liability) at the beginning	15,142,738	12,113,608
Income tax paid	617,632	2,632,824
Current income tax expense	(6,787,690)	396,306
Net current income tax asset / (liability) at the end	8,972,680	15,142,738

2.15 Revenue from operations

Revenue from operations for the year ended December 31, 2019 and December 31, 2018 is as follows:

in BRL

Particulars	Year ended December 31,	
	2019	2018
Revenue from software services	79,893,280	54,587,109
Revenue from products and platforms	51,913	–
Total revenue from operations	79,945,193	54,587,109

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers by offerings for the year ended December 31, 2019. 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 BRL

Particulars	Year ended December 31,	
	2019	2018
Revenue by offerings		
Core	76,802,041	–
Digital	3,143,152	–
Total	79,945,193	–

Digital services

Digital Services comprise of service and solution offerings of the Company that enable our clients to transform their businesses. These include offerings that enhance customer experience, leverage AI-based analytics and big data, engineer digital products and IoT, modernize legacy technology systems, migrate to cloud applications and implement advanced cyber security systems.

Core services

Core Services comprise traditional offerings of the Company that have scaled and industrialized over a number of years. These primarily include application management services, proprietary application development services, independent validation solutions, product engineering and management, infrastructure management services, traditional enterprise application implementation, support and integration services.

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 (contract asset) 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.

During the year ended December 31, 2019, the Company recognized revenue of BRL 682,556 arising from opening unearned revenue as of January 1, 2019.

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 Group expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Group 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 at December 31, 2019, other than those meeting the exclusion criteria mentioned above, is BRL 84,563,187. Out of this, the Group expects to recognize revenue of around 46% within the next one year and the remaining thereafter. The contracts can generally be terminated by the customers and typically includes an enforceable termination penalty payable by them.

2.16 Other income

in BRL

Particulars	Year ended December 31,	
	2019	2018
Interest received on financial assets Carried at amortized cost		
Deposits with banks and others	107,187	–
Miscellaneous income, net	632,890	128,804
Total other income	740,077	128,804

2.17 Expenses

in BRL

Particulars	Year ended December 31,	
	2019	2018
Employee benefit expenses		
Salaries including bonus	70,356,112	49,072,372
Share based payments to employees	(6,687)	211,633
Staff welfare	262,273	9,047
Total employee benefit expenses	70,611,698	49,293,053

in BRL

Particulars	Year ended December 31,	
	2019	2018
Other expenses		
Power and fuel	11,101	861
Brand and marketing	81,430	131,299
Operating lease payments	1,725,384	631,118
Rates and taxes	10,670,538	4,196,280
Repairs and maintenance	1,232,822	401,663
Consumables	430	–
Insurance	95,444	25,776

Particulars	Year ended December 31,	
	2019	2018
Provision / (reversal) for post-sales client support	(870,000)	162,081
Cost of software packages and others	279,255	–
Allowances / (reversals) for credit losses on financial assets	89,066	4,698
Exchange (gains) / losses on translation of other assets and liabilities	–	3,025,312
Others	471,998	157,695
Total other expenses	13,787,468	8,736,784

2.18 leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period are as follows :

in BRL

Particulars	Year ended December 31,	
	2019	2018
Lease rentals recognized during the period	1,725,384	631,118

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,	
	2019	2018
Future minimum lease payable		
Not later than 1 year	2,177,400	1,220,348
Later than 1 year and not later than 5 years	3,445,678	532,207

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,	
		2019	2018
Infosys Limited (effective August 14, 2018)	India	100%	99.99%

With effect from October 01, 2019 Infosys Technologia Do Brasil Ltda. merged with Infosys Consulting Ltda.

Name of the ultimate holding company	Country
Infosys Limited	India

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) [25]	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	Chile
Infosys Arabia Limited [2]	Saudi Arabia
Infosys CIS LLC [1][18]	Russia
Infosys Luxembourg S.a.r.l [1][13]	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [3]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc[19]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o.[4]	Czech Republic
Infosys Poland Sp z.o.o[4]	Poland
Infosys McCamish Systems LLC [4]	US

Name of subsidiaries	Country
Portland Group Pty Ltd[4]	Australia
Infosys BPO Americas LLC.[4]	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc. [5][11]	US
Infosys Management Consulting Pty Limited [5]	Australia
Infosys Consulting AG [5]	Switzerland
Infosys Consulting GmbH [5]	Germany
Infosys Consulting S.R.L. [1]	Romania
Infosys Consulting SAS [5]	France
Infosys Consulting s.r.o. [5]	Czech Republic
Infosys Consulting (Shanghai) Co. Ltd. (formerly Lodestone Management Consultants Co., Ltd)[5]	China
Infy Consulting Company Ltd[5]	UK
Infy Consulting B.V.[5]	The Netherlands
Infosys Consulting Sp. z.o.o[5]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [5]	Portugal
Infosys Consulting S.R.L.[5]	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) [6]	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd. [7]	Israel
Panaya GmbH [7]	Germany
Panaya Japan Co. Ltd [26][7]	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited [8]	UK
Brilliant Basics (MENA) DMCC [8][26]	UAE
Infosys Consulting Pte Limited (Infosys Singapore) [1]	Singapore
Infosys Middle East FZ LLC [9]	UAE
Fluido Oy[9][14]	Finland
Fluido Sweden AB (Extero)[15]	Sweden
Fluido Norway A/S[15]	Norway
Fluido Denmark A/S[15]	Denmark
Fluido Slovakia s.r.o[15]	Slovakia
Fluido Newco AB[15]	Sweden
Infosys Compaz Pte. Ltd (formerly Trusted Source Pte. Ltd) [16]	Singapore
Infosys South Africa (Pty) Ltd[9][17]	South Africa
WongDoody Holding Company Inc. (WongDoody) [10]	US
WDW Communications, Inc[12]	US
WongDoody, Inc[12]	US
HIPUS[20]	Japan
Stater N.V.[21]	The Netherlands
Stater Nederland B.V.[22]	The Netherlands
Stater Duitsland B.V.[22]	The Netherlands
Stater XXL B.V.[22]	The Netherlands
HypoCasso B.V.[22]	The Netherlands
Stater Participations B.V.[22]	The Netherlands
Stater Deutschland Verwaltungs-GmbH[23]	Germany
Stater Deutschland GmbH & Co. KG[23]	Germany
Stater Belgium N.V./S.A.[24]	Belgium

[1] Wholly-owned subsidiary of Infosys Limited

[2] Majority-owned and controlled subsidiary of Infosys Limited

[3] Liquidated effective November 17, 2019

[4] Wholly-owned subsidiary of Infosys BPM Limited

[5] Wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

[6] Majority-owned and controlled subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

[7] Wholly-owned subsidiary of Panaya Inc.

[8] Wholly-owned subsidiary of Brilliant Basics Holding Limited.

[9] Wholly-owned subsidiary of Infosys Consulting Pte Ltd

[10] On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody

[11] Liquidated effective May 4, 2018

(12) Wholly-owned subsidiary of WongDoody
(13) Incorporated effective August 6, 2018
(14) On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
(15) Wholly-owned subsidiary of Fluido Oy
(16) On November 16, 2018, Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
(17) Incorporated effective December 19,2018
(18) Incorporated effective November 29, 2018
(19) Incorporated effective November 27, 2018, wholly-owned subsidiary Infosys Public Services Inc
(20) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd, Japan
(21) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V.
(22) Majority-owned and controlled subsidiaries of Stater N.V.
(23) Majority-owned and controlled subsidiaries of Stater Duitsland B.V.
(24) Majority-owned and controlled subsidiaries of Stater Participations B.V.
(25) Effective October 1, 2019, merged into Infosys Consulting Ltda, a majority-owned and controlled subsidiary of Infosys Limited
(26) Under liquidation

The details of amounts due to or due from related parties as at December 31, 2019 and December 31, 2018 are as follows :

in BRL

Particulars	As at December 31,	
	2019	2018
Trade receivables		
Infosys Technologia Do Brasil Ltda.	–	9,535,337
Infosys Consulting S.R.L.	150	150
Infosys Consulting AG	1,663,362	1,085,445
Infosys Limited	5,288,576	–
Infy Consulting Company Ltd.	(143,148)	271,593
	6,808,940	10,892,525
Other financial assets		
Infosys Technologia Do Brasil Ltda.	–	2,512,645
	–	2,512,645
Borrowings		
Infosys Consulting Holding AG [1]	50,231,473	45,873,491
Infosys Consulting AG [1]	6,127,399	5,496,414
Infosys Poland Sp. Z o.o	19,866,029	–
Infosys Technologies S. de R. L. de C. V.	8,401,028	–
Infosys Technologia Do Brasil Ltda.[2]	–	27,022,192
	84,625,929	78,392,097
Trade payables		
Infosys Technologia Do Brasil Ltda.	–	8,298,617
Infy Consulting Company Limited	4,958	4,455
Infosys Consulting S.R.L.	832,424	118,656
Infosys Consulting AG	5,389,507	4,404,731
Infy Consulting B.V.	24,578	–
Infosys Limited	1,557,378	–
Infosys Consulting GmbH	2,093,343	617,255
	9,902,187	13,443,714
Other financial liabilities		
Infosys Technologia Do Brasil Ltda.	–	732,628
Infy Consulting B.V.	–	34,696
Infosys Consulting AG	4,573,072	4,311,054
Infosys Consulting Holding AG	–	16,975
Infosys Technologies S. de R. L. de C. V.	11,081	–
Infosys Limited	981,473	188,217
	5,565,627	5,283,570
Accrued expenses		
Panaya Limited	10,951	–
Infosys Limited	–	339,170
	10,951	339,170

in BRL

Particulars	For the year ended December 31,	
	2019	2018
Revenue transactions		
Purchase of shared services, facilities and personnel		
Infosys Tecnologia Do Brasil Ltda. (Infosys Brasil)	6,148,672	8,994,581
Infy Consulting B.V.	67,476	34,649
Infosys Consulting S.R.L.	501,229	180,909
Infy Consulting Company Ltd.	4,958	4,455
Infosys Consulting Holding AG	–	16,968
Infosys Consulting AG	460,019	1,378,327
Infosys Limited	1,297,703	–
Infosys Consulting GmbH	1,353,188	1,411,087
	9,833,244	12,020,976
Sale of services		
Infy Consulting Company Ltd.	1,697,611	595,880
Infosys Limited	4,134,572	–
Infosys Tecnologia Do Brasil Ltda. (Infosys Brasil)	17,560,595	22,951,978
Infosys Consulting AG	1,135,283	265,014
	24,528,061	23,812,872
Interest Expense		
Infosys Consulting AG	630,985	(58,740)
Infosys Poland Sp. Z o.o	213,729	–
Infosys Tecnologia Do Brasil Ltda. (Infosys Brasil)	1,211,671	22,192
Infosys Technologies S. de R. L. de C. V.	7,644	–
Infosys Consulting Holding AG	4,357,982	1,897,730
	6,422,011	1,861,181

2.20 Segment reporting

The Company is engaged in providing consultancy service in a single geography. Based on the ‘Management approach’, as defined in Ind AS 108, Segment Reporting the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of the performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108, Segment Reporting.

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Infosys Consulting Sp. z o.o.

ul. Strzegomska 142A 54-429 Wrocław
REGON number 020524762
Financial Statements
for the period from January 1, 2019 to December 31, 2019

Independent Statutory Auditor's Report

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

Auditor's report on the audit of annual financial statements

Opinion

We have audited the attached annual financial statements of Infosys Consulting Sp. z o. o. (hereinafter referred to as "the Company") with its registered office in Wrocław, Strzegomska Street 142A, including:

- introduction to the financial statements,
- balance sheet prepared as of 31 December 2019, with total assets and liabilities plus equity of PLN 27.831.429,48,
- profit and loss account for the period from 1 January 2019 to 31 December 2019, disclosing a net profit of PLN 7.127.826,27,
- statement of changes in equity for the period from 1 January 2019 to 31 December 2019, disclosing a decrease in equity of PLN 872.173,73,
- cash flow statement for the period from 1 January 2019 to 31 December 2019, showing a net cash increase of PLN 1.802.835,96,
- additional information and explanations, (hereinafter referred to as „the financial statements").

In our opinion, the audited financial statements:

- present true and fair view of the economic and financial position of the Company as of 31 December 2019 as well as its financial result and cash flows for the financial year ended on this date in accordance with applicable regulations of the Accounting Act of 29 September 1994 (Dz. U. of 2019 No. 351 with subsequent items, further referred to as "the Accounting Act"), and the accounting principles (policies) adopted by the Company;
- comply in their form and content with the applicable provisions of law and the Company's articles of association;
- have been prepared based on properly kept accounting records, in accordance with the provisions of Chapter II of the Accounting Act.

Basis for Opinion

Our audit of the financial statements has been performed in accordance with International Standards on Auditing as adopted by the National Auditing Standards by the National Council of Statutory Auditors (hereinafter referred to as "KSB"), as well as the Act of 11 May 2017 on statutory auditors, audit firms and public oversight (Dz. U. of 2017 No. 1089, with subsequent amendments) (further referred to as the „Act on statutory auditors").

Our responsibilities under those standards are described in the section Auditor's responsibility for the audit of financial statements of this report.

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of International Federation of Accountants (further referred to as the "IFAC code"), adopted by the Resolutions of the National Council of Statutory Auditors and other ethical requirements applicable to the audits of financial statements in Poland. We have fulfilled our ethical responsibilities in accordance with those requirements and the IFAC Code. During the audit the key certified auditor as well as the auditing firm have remained independent of the Company, in accordance with the independence requirements of 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.

Responsibility of the Company's Management Board for the Financial Statements

The Management Board of the Company is responsible for the preparation, based on correctly kept accounting books, of the financial statements that provide true and fair view of the economic and financial position of the Company as well as its financial result and cash flows in accordance with the Accounting Act, the accounting principles (policies) adopted by the Company, and the applicable provisions of law and the Company's articles of association, as well as internal control that management determines necessary to enable the preparation of the financial statements that are free from misstatements, 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Management Board is obliged to ensure the financial statements meet the requirements of the Accounting Act.

Auditor's Responsibility for the Audit of 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 KSB will always detect existing material misstatements. 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 the audit does not include any assurance on the future profitability of the audited Company nor the efficiency or effectiveness of current or future management of the Company's operations.

As part of an audit in accordance with KSB, 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.
- Assess the general presentation, structure and content of the financial statements, including disclosures, and whether the financial statements present transactions and events, which the financial statements base on, in the manner ensuring fair presentation.

Other Information Including the Report on Activities

Other information includes the Company's Report on Activities for the financial year ended 31 December 2019 (the report on activities").

Responsibility of the Company's Management Board

The Management Board of the Company is responsible for preparation of the report on activities in accordance with the law.

The Management Board of the Company is required to ensure that the report on activities meets the requirements of the Accounting Act.

Responsibility of the Auditor

Our audit opinion on the financial statements does not refer to the report on activities. In conjunction with our audit, our responsibility was to become familiar with the report on activities, and while doing that, consider whether it is not materially inconsistent with the financial statements or with our knowledge acquired during the audit, or appears misstated in any other manner findings. If, based on work performed, we conclude the report on activities is materially misstated, we are obliged to inform about it in our audit report. Our responsibility, as required by the Act on statutory auditors, was also to express an opinion, whether the report on activities had been prepared in accordance with the law and whether it had been consistent with information included in the annual financial statements.

Opinion on the report on activities

Based on the work performed during the audit, in our opinion, the report on activities:

- has been prepared in accordance with art. 49 of the Accounting Act,
- is consistent with the information included in the financial statements.

Furthermore, we declare that based of our knowledge of the Company and its environment obtained during the audit of financial statements we have not identified any material misstatements in the report on activities.

The key certified auditor, responsible for the audit, whose result is this independent auditor's report, was Piotr Łyskawa, acting on behalf of Avanta Audit Sp. z o.o. Sp. k. with its registered office in Bielany Wrocławskie, registered in the list of the audit firms under No. 3595.

signed electronically

Piotr Łyskawa

Key certified auditor

No. 90051

Bielany Wrocławskie, 28 February 2020

Balance Sheet

in PLN

Particulars	Note no.	Current year	Previous year
ASSETS			
FIXED ASSETS		1,433,333.65	1,289,622.55
Intangible assets		–	–
Fixed tangible assets	1	418,366.15	337,589.58
Fixed assets		412,349.43	337,589.58
Freehold land (including perpetual usufruct of land)		–	–
Buildings and structures		–	–
Plant and machinery		375,429.77	292,946.38
Vehicles		–	–
Other tangible fixed assets		36,919.66	44,643.20
Fixed assets under construction		6,016.72	–
Prepayments for fixed assets under construction		–	–
Long-term receivables		–	–
Related entities		–	–
Other entities		–	–
Long-term investments		–	–
Long-term prepayments	2	1,014,967.50	952,032.97
Deferred income tax assets		1,014,967.50	952,032.97
Other prepayments		–	–
CURRENT ASSETS		26,398,095.83	18,669,025.84
Inventories		–	–
Raw materials		–	–
Semi-finished products and work in progress		–	–
Finished products		–	–
Goods for resale		–	–
Prepayments for inventories		–	–
Receivables and claims	3	14,992,891.23	9,066,657.20
Related entities	16	3,616,610.37	3,143,551.54
Trade debtors payable within a period of		3,616,610.37	3,143,551.54
up to 12 months		3,616,610.37	3,143,551.54
over 12 months		–	–
Other		–	–
Other entities		11,376,280.86	5,923,105.66
Trade debtors payable within a period of		9,831,068.19	4,408,013.13
up to 12 months		9,831,068.19	4,408,013.13
over 12 months		–	–
Taxation, state subsidy and social security receivables		1,004,391.05	966,619.49
Other debts		540,821.62	548,473.04
Receivables in court		–	–
Short-term investments		11,405,204.60	9,602,368.64
Short-term financial assets		11,405,204.60	9,602,368.64
In related entities		–	–
In other entities		–	–
Cash and other monetary assets		11,405,204.60	9,602,368.64
Cash in hand and at bank		11,405,204.60	9,602,368.64
Other cash equivalents		–	–
Other monetary assets		–	–
Other short-term investments		–	–
Short-term prepayments	4	–	–
CALLED UP SHARE CAPITAL (FUND)		–	–
OWN SHARES		–	–
Total assets		27,831,429.48	19,958,648.39

Balance Sheet

in PLN

Particulars	Note no.	Current year	Previous year
LIABILITIES AND EQUITY			
EQUITY		8,187,806.94	9,059,980.67
Share capital (fund)	5	1,000,000.00	1,000,000.00
Share capital not paid-up (negative amount)		–	
Entity's own shares (negative amount)		–	–
Additional shareholders' contributions		–	–
Additional shareholders' contributions not paid-up		–	–
Supplementary capital (fund)	6	–	5,090,433.83
Revaluation reserve		–	–
Other reserves (funds)		–	–
Retained earnings brought forward		59,980.67	541,628.33
Net profit for the year	7	7,127,826.27	2,427,918.51
Write-offs from net profit for the financial year (negative amount)		–	–
Liabilities and provisions		19,643,622.54	10,898,667.72
Provisions		–	–
Deferred income tax provision			–
Provision for retirement pensions and similar benefits		–	–
Other provisions		–	–
Long-term liabilities		–	–
Related entities		–	–
Other entities		–	–
Short-term liabilities		4,550,066.92	2,049,159.68
Related entities		461,186.57	651,645.00
Trade creditors with maturity period of:		461,186.57	651,645.00
- Up to 12 months		461,186.57	651,645.00
- Over 12 months		–	–
Other		–	–
Liabilities to other entities in which the entity has equity interest		–	–
Other entities		3,940,897.36	1,313,295.60
Loans		–	–
Debentures		–	–
Other financial liabilities		–	–
Trade creditors with maturity period of:		212,701.74	2,399.29
- Up to 12 months		212,701.74	2,399.29
- Over 12 months		–	–
Payments received on account		–	–
Bills of exchange payable		–	–
Taxation, customs duty and social security liabilities		3,726,944.61	1,300,031.24
Wages and salaries payable		–	–
Other short-term payables		1,251.01	10,865.07
Special funds		147,982.99	84,219.08
Accruals and deferred income	8	15,093,555.62	8,849,508.04
Negative goodwill		–	–
Other accruals and deferred income		15,093,555.62	8,849,508.04
Long-term accruals and deferred income		–	14,530.65
Short-term accruals and deferred income		15,093,555.62	8,834,977.39
Total liabilities and equity		27,831,429.48	19,958,648.39

Profit and Loss Account

for the period from January 1, 2019 to December 31, 2019

in PLN

Particulars	Note no.	Current year	Previous year
Sales	10	72,136,361.40	60,925,004.07
From related parties		39,903,508.34	60,929,885.37
Sales of finished goods		72,136,361.40	60,925,004.07
Movement in inventories of finished goods and work in progress (increase - positive amount, decrease - negative amount)		–	–
Manufacturing cost of products for entity's own use		–	–
Sales of goods for resale and raw materials		–	–
Operating expenses		62,318,051.54	57,041,697.95
Depreciation and amortization		202,863.21	181,868.43
Consumption of materials and energy		349,232.77	701,653.34
External services		17,068,481.72	15,519,368.20
Taxes and charges, including		454,264.44	690,178.73
Excise duty		–	–
Wages and salaries		35,006,683.97	30,364,919.68
Employee benefits		6,921,931.55	5,787,884.64
Emerytalne		2,693,217.26	346,152.65
Other expenses		2,314,593.88	3,795,824.93
Cost of raw materials and goods for resale sold		–	–
Gross profit (loss) after selling, general and administrative expenses		9,818,309.86	3,883,306.12
Other operating income		204,275.29	7,433.66
Profit from non-financial fixed assets sold		12,581.40	–
Subsidies received		–	–
Revaluation of non-financial assets		–	–
Other operating income		191,693.89	7,433.66
Other operating expenses		263.13	205.89
Loss on non-financial fixed assets sold		–	–
Revaluation of non-financial assets		–	–
Other operating expenses		263.13	205.89
Operating profit (loss)		10,022,322.02	3,890,533.89
Financial income		9,321.29	–
Dividends received, including those		–	–
from related entities		–	–
from other entities		–	–
Interest received, including interest		9,321.29	–
from related entities		–	–
Gain on disposal of financial assets, including:		–	–
from related entities		–	–
Revaluation of investments		–	–
Other		–	–
Financial expenses		830,353.58	442,648.67
Interest, including interest payable		–	30.00
to related entities		–	–
Loss on disposal of financial assets, including:		–	–
from related entities		–	–
Revaluation of investments		–	–
Other		830,353.58	442,618.67
Profit (loss) before tax		9,201,289.73	3,447,885.22
Income tax	11	2,073,463.46	1,019,966.71
Other mandatory charges		–	–
Net profit (loss)		7,127,826.27	2,427,918.51

Statement of Changes in Equity

for the period from January 1, 2019 to December 31, 2019

in PLN

Particulars	Note no.	Current year	Previous year
EQUITY AT THE BEGINNING OF PERIOD		9,059,980.67	6,632,062.16
fundamental errors adjustments		–	–
EQUITY AT THE BEGINNING OF PERIOD AFTER ADJUSTMENTS		9,059,980.67	6,632,062.16
Share capital at the beginning of period		1,000,000.00	1,000,000.00
Changes in share capital		–	–
Increase (due to)		–	–
- Share issue		–	–
Decrease (due to)		–	–
- Redemption of shares		–	–
Share capital at the end of period		1,000,000.00	1,000,000.00
Share capital not paid-up at the beginning of period		–	–
Changes in share capital not paid-up		–	–
Increase (due to)		–	–
Decrease (due to)		–	–
Share capital not paid-up at the end of period		–	–
Supplementary capital at the beginning of period		5,090,433.83	2,173,201.69
Changes in supplementary capital		(5,090,433.83)	2,917,232.14
Increase (due to)		2,427,918.51	2,917,232.14
- Share premium		–	–
- Distribution of profit (statutory)		2,427,918.51	2,917,232.14
- Distribution of profit (above the minimum statutory value)		–	–
Decrease (due to)		7,518,352.34	–
- Dividend payment		7,518,352.34	–
Supplementary capital at the end of period		–	5,090,433.83
Profit (loss) brought forward at the beginning of period		2,969,546.84	3,458,860.47
Profit brought forward at the beginning of period		2,969,546.84	3,458,860.47
Changes in accounting policies		–	–
- Revaluation of assets and liabilities denominated in foreign currencies		–	–
- Deferred taxation		–	–
Other adjustments		–	
Profit brought forward at the beginning of period, after adjustments		2,969,546.84	3,458,860.47
Increase (due to)		–	–
- Distribution of profit brought forward			–
Decrease (due to)		2,909,566.17	2,917,232.14
- Distribution of profit brought forward		2,427,918.51	
- Dividend payment		481,647.66	
Przeniesienie Zysku na kapitał zapasowy		–	–
Profit brought forward at the end of period		59,980.67	541,628.33
Loss brought forward at the beginning of period		–	–
- Changes in accounting policies		–	–
Revaluation of assets and liabilities denominated in foreign currencies		–	–
Deferred taxation			–
- Other adjustments		–	–
Loss brought forward at the beginning of period, after adjustments		–	–
Increase (due to)		–	–
- Loss coverage		–	–
Decrease (due to)		–	–
Loss brought forward at the end of period		–	–
Profit (loss) brought forward at the end of period		59,980.67	541,628.33
Net profit (loss) for the year		7,127,826.27	2,427,918.51

Particulars	Note no.	Current year	Previous year
Net profit for the year		7,127,826.27	2,427,918.51
Net loss for the year		–	–
Write-offs from net profit for the year		–	–
Equity at the end of period		8,187,806.94	9,059,980.67
Equity at the end of period, after proposed distribution of profits (coverage of losses)		8,187,806.94	9,059,980.67

Statement of Cash Flows

for the period from January 1, 2019 to December 31, 2019

in PLN

Particulars	Current year	Previous year
OPERATING CASH FLOWS		
Net profit (loss) for the year	7,127,826.27	2,427,918.51
Total adjustments	2,946,068.07	695,429.65
Depreciation	202,863.21	181,868.43
Foreign exchange gains (losses)	–	–
Interest and shares in profits (dividends)	–	–
Investment profit (loss)	(12,581.40)	–
Change in provisions' balance	–	–
Change in stocks' balance	–	–
Change in liabilities' balance	(5,926,234.03)	1,220,968.47
Change in short-term liabilities' balance, with the exception of loans	2,500,907.24	81,625.49
Change in prepayments and accruals' balance	6,181,113.05	(789,032.74)
Other adjustments	–	–
Net operating cash flows	10,073,894.34	3,123,348.16
INVESTMENT CASH FLOWS		
Cash inflows	38,712.00	–
Disposals of intangible and tangible fixed assets	38,712.00	–
Other investments inflows	–	–
Cash outflows	(309,770.38)	(211,808.20)
Purchases of intangible and tangible fixed assets	(309,770.38)	(211,808.20)
Purchases of immovable property and intangible assets investments	–	–
Other investment outflows	–	–
Net investment cash flows	(271,058.38)	(211,808.20)
FINANCIAL CASH FLOWS		
Cash inflows	–	–
Net inflows from issuing shares and other instruments and additional capital contributions	–	–
Loans	–	–
Issue of debt securities	–	–
Other financial inflows	–	–
Cash outflows	(8,000,000.00)	–
Acquisition of entity's own shares	–	–
Dividends and other payments to shareholders/owners	(8,000,000.00)	–
Distribution of profit other than payments of dividends to shareholders/owners	–	–
Loans repaid	–	–
Debt securities redeemed	–	–
Other financial liabilities	–	–
Payments of finance lease liabilities	–	–
Interest	–	–
Other financial outlays	–	–
Net financial cash flows	(8,000,000.00)	–
TOTAL NET CASH FLOWS	1,802,835.96	2,911,539.96
BALANCE SHEET CHANGE IN CASH BALANCE, INCLUDING:	1,802,835.96	2,911,539.96
Change in cash balance due to foreign exchange differences		
CASH AS AT THE BEGINNING OF PERIOD	9,602,368.64	6,690,828.68
CASH AS AT THE END OF PERIOD, INCLUDING:	11,405,204.60	9,602,368.64
Cash with limited disposability	174,066.82	124,352.91

Notes to the Financial Statements

for the period from 1 January 2019 to 31 December 2019

1 Tangible fixed assets

(a) Analysis of tangible fixed assets

in PLN

Particulars	Current year	Previous year
Fixed tangible assets including:	412,349.43	337,589.58
freehold land (including perpetual usufruct of land)	–	–
buildings and structures	–	–
plant and machinery	375,429.77	292,946.38
vehicles	–	–
other tangible fixed assets	36,919.66	44,643.20
Fixed assets under construction	6,016.72	–
Prepayments for fixed assets under construction	–	–
Total tangible fixed assets	418,366.15	377,331.50

(b) Tangible fixed assets by title

in PLN

Particulars	Current year	Previous year
The Company's own tangible fixed assets	418,366.15	377,331.50
Tangible fixed assets used under rent finance lease or similar agreements and included in the Company's assets	–	–
Total Balance Sheet tangible fixed assets	418,366.15	377,331.50
Other tangible fixed assets used under rent, operating lease or similar agreements excluded from Balance Sheet	71,629.00	68,751.00

(c) Tangible fixed assets - movements during the year

in PLN

Current year	Plant and machinery	Other tangible fixed assets	Fixed assets under construction	Total
Cost at the beginning of period	1,549,160.70	74,294.64	–	1,623,455.34
Additions - purchase	303,753.66	–	6,016.72	309,770.38
Disposals - liquidation	(38,712.00)	–		(38,712.00)
Costs at the end of period	1,814,202.36	74,294.64	6,016.72	1,894,513.72
Accumulated depreciation at the beginning of period	1,256,214.32	29,651.44	–	1,285,865.76
Additions - depreciation for the period	195,139.67	7,723.54	–	202,863.21
Disposals - liquidation	(12,581.40)			(12,581.40)
Accumulated depreciation at the end of period	1,438,772.59	37,374.98	–	1,476,147.57
Net book value at the beginning of period	292,946.38	44,643.20	–	337,589.58
Net book value at the end of period	375,429.77	36,919.66	6,016.72	418,366.15

in PLN

Previous year	Plant and machinery	Other tangible fixed assets	Fixed assets under construction	Total
Cost at the beginning of period	1,337,352.50	74,294.64	–	1,411,647.14
Additions - purchase	211,808.20	–	–	211,808.20
Disposals - liquidation	–	–		–
Costs at the end of period	1,549,160.70	74,294.64	–	1,623,455.34
Accumulated depreciation at the beginning of period	1,083,637.07	20,360.26	–	606,839.27
Additions - depreciation for the period	172,577.25	9,291.18	–	181,868.43
Disposals - liquidation	–	–	–	–

Previous year	Plant and machinery	Other tangible fixed assets	Fixed assets under construction	Total
Accumulated depreciation at the end of period	1,256,214.32	29,651.44	–	1,285,865.76
Net book value at the beginning of period	253,715.43	53,934.38	–	804,807.87
Net book value at the end of period	292,946.38	44,643.20	–	337,589.58

As at the Balance Sheet date the Company had no liabilities to State budget or budgets of territorial self-government units by virtue of acquired ownership rights to buildings and structures.

During the year there were no fixed assets write downs.

The Company has not incurred manufacturing costs of fixed assets under construction and fixed assets for entity's own during the year.

2 Long-term prepayments

in PLN

Particulars	Current year	Previous year
Deferred income tax assets	1,014,967.50	952,032.97
Total long term prepayments	1,014,967.50	952,032.97

3 Receivables and claims

in PLN

Particulars	Current year	Previous year
Gross receivables as at the Balance Sheet date	15,041,864.22	9,066,657.20
Write downs balance at the beginning of period	–	–
Increase	48,972.99	–
Utilisation	–	–
Release	–	–
Write downs balance at the end of period	48,972.99	–
Net receivables and claims	14,992,891.23	9,066,657.20

4 Short term prepayments

in PLN

Particulars	Current year	Previous year
Prepaid insurance	–	–
Prepaid subscriptions	–	–
Non -invoiced sales	–	–
Other	–	–
Total short-term prepayments	–	–

5 Equity

Particulars	Current year		Previous year	
Shareholders	Number of shares	Nominal value	Number of shares	Nominal value
Infosys Consulting Holding AG	10,000	1,000,000	10,000	1,000,000
Total	10,000	1,000,000	10,000	1,000,000

6 Supplementary capital

(a) Analysis of supplementary capital

Particulars	Current year	Previous year
Repayable contributions from shareholders	–	
Other	–	5,090,433.83
Total supplementary capital	–	5,090,433.83

(b) Supplementary capital - movements during the year

in PLN

Particulars	Current year	Previous year
Balance at the beginning of period	5,090,433.83	2,173,201.69
Appropriation of prior year profit (loss)	2,427,918.51	2,917,232.14
Dividend payment	(7,518,352.34)	–
Status at the end of the period	0.00	5,090,433.83

7 Net profit (loss) for the year

The Management Board proposes to transfer the profit to reserve capital.

8 Accruals and deferred income

(a) Long-term accruals

in PLN

Particulars	Current year	Previous year
Other	–	14,530.65
Total long-term accruals	–	14,530.65

(b) Short-term accruals

in PLN

Particulars	Current year	Previous year
Services provided not invoiced	6,888,575.05	1,181,038.98
Provision for unused annual leave	1,523,740.00	1,471,566.00
Provision for annual bonus	1,552,919.49	1,247,515.63
Reserve for remuneration	3,113,525.17	3,054,283.04
Other	1,802,890.64	1,691,107.08
Provision for expenses	211,905.27	203,997.31
Total short-term accruals	15,093,555.62	8,849,508.04
Total accruals	15,093,555.62	8,864,038.69

9 Cash on VAT bank account

in PLN

Particulars	Current year	Previous year
Cash on VAT bank account	–	–
Total short-term accruals	–	–

10 Sales revenue

(a) Analysis of sales revenue

in PLN

Particulars	Current year	Previous year
Sales of finished products	–	–
Sales of services	72,136,361.40	60,925,004.07
Sales of goods for resale	–	–
Total sales revenue	72,136,361.40	60,925,004.07

(b) Sales analysis by geographical area

in PLN

Particulars	Current year	Previous year
Domestic sales	–	338,417.20
Export sales	72,136,361.40	60,586,586.87
Total sales	72,136,361.40	60,925,004.07

11 Corporate Income Tax

(a) Corporate Income Tax

in PLN

Particulars	Current year	Previous year
Current Taxation	2,136,398.00	1,868,945.13
Deferred Taxation	(62,934.54)	(848,978.42)
Total	2,073,463.46	1,019,966.71

Current Taxation

in PLN

Particulars	Current year	Previous year
Profit before tax	9,201,289.73	3,447,885.22
Costs and losses which are excluded from income-earning costs by taxation legislation, including:	6,723,741.79	9,419,538.37
Prior period temporary differences utilized	830,353.58	442,618.67
Provision for annual bonus	1,552,919.49	1,247,515.63
Provision for unused annual leave	1,523,740.00	1,471,566.00
payments to PFRON	296,894.00	240,660.00
costs of unpaid remuneration		
costs of unpaid social security contributions	265,130.53	268,761.35
depreciation	(1,309.97)	7,688.46
Other	2,256,014.16	5,740,728.26
Costs related to the previous year, to be settled in the current tax year	4,680,830.76	4,566,199.98
paid remuneration and social security contributions	268,761.35	247,562.46
annual bonus paid	1,247,515.63	1,389,716.72
other provisions used	3,164,553.78	2,928,920.80
Tax base	11,244,200.76	8,301,223.61
Prior period losses	–	–
Other increases		1,535,327.00
Tax base	11,244,200.76	9,836,550.61
Corporate Income Tax	2,136,398.00	1,868,945.13

(b) Deferred Taxation

Particulars	Current year	Previous year
Assets due to deferred income tax:		
Provision for unused annual leave	289,510.60	279,597.54
Provision for annual bonus	295,054.70	237,027.97
Unpaid social security contributions and remuneration	147,406.32	35,689.03
Fixed assets	1,293.78	4,020.74
Other costs	281,702.10	395,697.68
Total assets due to deferred tax	1,014,967.50	952,032.96

The Company did not make any write downs for deferred tax assets

12 Expenditure on non-financial fixed assets

Expenditure on non-financial non-current assets incurred in the last year and planned for the next year (separately incurred and planned expenditure on environmental protection)

Title	incurred in the current year	planned to bear in the following year
Expenditure on non-financial fixed assets	309,770.38	–
- including environmental protection	–	–

13 The amount and nature of individual items of income or expense of extraordinary value or that occurred incidentally

not applicable

14 Information on costs related to research and development works that have not been classified as intangible assets

not applicable

15 Analysis of cash balance for the purpose of cashflow statement

in PLN

Particulars	Current year	Previous year
Cash in hand	809.71	1,652.58
Cash in bank	11,404,394.89	9,600,716.06
Total	11,405,204.60	9,602,368.64
Short-term financial assets classified as cash for the purpose of cashflow statement	–	–
Total cash and cash equivalents for the purpose of cashflow statement	11,405,204.60	9,602,368.64

16 The nature and economic purpose of the contracts concluded by the entity that are not included in the Balance Sheet

not applicable

17 Transactions concluded by the entity on non-market terms with related parties

not applicable

18 Average number of employees

Particulars	Current year	Previous year
based on an employment contract	203	213
based on temporary contract	–	–
based on graduate contracts	–	–
Total	203	213

19 Directors' Remuneration

Management Board were not paid any remuneration.

20 Information on advances, loans, guarantees and sureties granted to persons belonging to the Management and supervisory bodies

not applicable

21 Transactions with related parties

The Company operates as part of the Infosys Consulting Holding group. The consolidated financial statements of the group are prepared by Infosys Consulting Holding AG based in Switzerland

in PLN

Particulars	Current year	Previous year
Infosys Consulting AG (Switzerland)		
Receivables	309,004.16	763,749.99
Liabilities	8,699.73	138,552.84
Revenues	8,404,112.51	9,205,464.98
Costs	822,691.27	850,291.47
Infosys Consulting CO Ltd. (United Kingdom)		
Receivables	2,887,668.51	1,831,842.53
Liabilities	277,186.41	373,073.07
Revenues	25,238,544.28	14,465,002.38
Costs	4,781,799.36	3,448,846.35
Infosys Consulting Holding AG		
Receivables	–	–
Liabilities	–	12,317.58
Revenues	–	–
Costs	–	12,317.58
Infosys Technologies (Sweden)		
Receivables	–	–
Liabilities	–	–
Revenues	–	25,504.91
Costs	–	–
Infosys Consulting SRL, Rumunia		
Receivables	–	–

Particulars	Current year	Previous year
Liabilities	30,949.78	–
Revenues	–	–
Costs	145,001.76	–
Infosys Consulting SAS, (France)		
Receivables	3,982.43	–
Liabilities	–	–
Revenues	3,982.43	–
Costs	–	–
Infosys Consulting GmbH (Germany)		
Receivables	396,777.09	550,527.48
Liabilities		62,619.16
Revenues	6,240,553.05	11,950,897.13
Other revenues	49,954.77	–
Costs	291,650.58	1,037,357.41
Infy Consulting BV (Netherlands)		
Receivables	9,391.40	–
Liabilities	44,218.17	25,159.21
Revenues	9,391.40	–
Costs	95,315.42	25,141.08
Lodestone Management (Portugal)		
Receivables	713.27	–
Liabilities	–	–
Revenues	713.27	–
Other revenues	(7,098.67)	–
Costs	–	–
Infosys Consulting PTE.Ltd, (Singapore)		
Receivables	–	–
Liabilities	–	–
Revenues	–	–
Costs	–	6,728.55
Infosys Consulting Belgium		
Receivables	6,211.40	–
Liabilities	–	–
Revenues	6,211.40	–
Costs	–	–
Infosys Limited (India)		–
Receivables	2,862.11	–
Liabilities	100,132.48	39,923.14
Revenues	2,046.00	–
Costs	30,766.99	(816.11)
Lodestone Management Consultants in Atlanta		
Receivables	–	–
Liabilities	–	–
Revenues	–	–
Costs	–	1,215.00

22 Exchange rates applied to currency valuation

Particulars	Current year	Previous year
EUR	4.2585	4.3000
USD	3.7977	3.7597
GBP	4.9971	4.7895

23 Audit fees

in PLN

Particulars	Current year	Previous year
Obligatory audit services	35,000.00	35,000.00
Other attestation services	–	–
Tax advisory services	–	–
Other services	–	–

24 Post Balance Sheet events

On February 20, 2020, the current owner, Infosys Consulting Holding AG, sold the shares to Infosys Poland Sp. z o.o. The merger is planned in the second quarter of 2020

25 Changes in accounting principles (policy), including valuation methods

In 2019, the Company did not change its accounting principles compared to the previous financial year

26 Data comparability

In 2019, the Company did not change the method of preparing the financial statements compared to the previous financial year. Data comparability was ensured.

27 Other information

All other disclosure requirements contained in Schedule 1 of the Accounting Act of 29 September 1994 are not applicable.

28 Persons who sign Financial Statements electronically

Tarang Suresh Puranik - Board Director

Agnieszka Jackowska Durkacz - Board Director

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Infosys Management Consulting Pty. Limited

Independent Auditor's Report

Harsh Shah
Deloitte Touche Tohmatsu
Eclipse Tower, 60 Station Street, Level 19
Parramatta, NSW 2150

This representation letter is provided in connection with your audit of the financial report of Infosys Management Consulting Pty Limited for the year ended 31 December 2019, for the purpose of expressing an opinion as to whether the financial report gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001.

We confirm that:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated 17 December 2019, for the preparation of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001; in particular, the financial report gives a true and fair view in accordance therewith.
2. We have provided you with:
   - Access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;
   - Additional information that you have requested from us for the purpose of the audit;
   - Unrestricted access to the persons within the entity from whom you determined it necessary to obtain audit evidence; and
   - All information required by the Corporations Act 2001 and all requested information, explanations and assistance for the purposes of the audit.
3. All transactions have been recorded in the accounting records and are reflected in the financial report.
4. We are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
5. We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
6. There has been no fraud or suspected fraud affecting the entity involving management, employees who have significant roles in internal control or others where the fraud could have a material effect on the financial report.
7. There have been no allegations of fraud, or suspected fraud, affecting the entity's financial report communicated by employees, former employees, analysts, regulators or others.
8. There have been no instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial report.
9. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
10. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
11. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Australian Accounting Standards.
12. All known actual or possible litigation and claims whose effects should be considered when preparing the financial report have been disclosed to you and accounted for and disclosed in accordance with the Australian Accounting Standards.
13. There are no uncorrected misstatements, individually and in aggregate, to the financial report as a whole.
14. All events occurring subsequent to the date of the financial report and for which Australian Accounting Standards require adjustment or disclosure have been adjusted or disclosed within the financial report.
15. In respect of other information:
    - we have informed you of all the documents that we expect to issue that may comprise other information;
16. The selection and application of accounting policies as described in Note 2 in the financial report are appropriate.
17. We have no plans or intentions that may affect the carrying value or classification of assets and liabilities.
18. Liabilities, both actual and contingent, have been properly recorded and, when appropriate, adequately disclosed in the financial report.
19. The entity has satisfactory title to, or control over all assets and there are no liens or encumbrances on such assets that have not been disclosed nor has any asset been pledged as collateral.
20. We have properly recorded and, when appropriate, adequately disclosed in the financial report the affects of any laws, regulations and contractual agreements on the financial report, including non-compliance.

21. We have communicated to you all deficiencies in internal control of which we are aware.
22. We have identified and disclosed to you all embedded derivatives of which we are aware.
23. All post-employment benefits have been identified and properly accounted for and all events impacting the plans have been brought to the actuary's attention.
24. For defined benefit plans:
    (a) the actuarial assumptions underlying the valuation of the plan are in accordance with the best estimate of future events and are consistent with our knowledge of the business;
    (b) the actuary's calculations have been based on complete and up-to-date member information; and
    (c) the amounts included in the financial report derived from the work of the actuary are in accordance with the requirements of AASB 119 "Employee Benefits".
25. There are no material share based payments that have not been disclosed to you and there is no documentation relating to share based payments that has been withheld.
26. We have disclosed to you all financial guarantees that we have given to third parties and we have accounted for these guarantees in accordance with the requirements of AASB 139 "Financial Instruments Recognition and Measurement".

We understand that your audit was conducted in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the financial report of the entity taken as a whole, and that your test of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

Yours faithfully

Roger Gibson
Director

Date: March 13, 2020

Directors' Report

The directors present their report together with the financial report of Infosys Management Consulting Pty. Ltd ('the Company'), for the financial year ended December 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:

Joost Alexander Hoeve Appointed February 29, 2012, Resigned August 5, 2019

Geoffrey Anton Leong Appointed May 16, 2016

Roger Gibson Appointed August 9, 2019

2. Company Secretary

Joost Alexander Hoeve was appointed as Company Secretary on November 30, 2012. Resigned August 5, 2019.

Roger Gibson was appointed as Company Secretary on August 9, 2019.

3. Principal activities

Infosys Management Consulting Pty. Ltd. 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 to remain cost competitive while increasing the market share by owning our client's business challenges, identifying new opportunities and reimagining business solutions to help create new markets and disrupting 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, 2019 amounted to AUD $ 1,152,719 (2018 Profit after tax of AUD $ 1,134,485). This was primarily a result of an increase of revenue from AUD $ 22,824,970 in year 2018 to AUD $ 24,055,475 in year 2019, increase of cost of sales from AUD $ 19,390,797 in year 2018 to AUD $ 20,379,471 in year 2019 and increase of tax expense from AUD $ 521,491 in year 2018 to AUD $ 567,781 in year 2019.

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 breach 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 would be 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 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, 2019.

This report is made with a resolution of the directors:

Roger Gibson
Director

Sydney

March 13, 2020

Statement of Financial Position

In AUD

Particulars	Note no.	As at December 31,	
		2019	2018
Assets			
Cash and cash equivalents	8	4,745,923	3,461,562
Trade and other receivables	9	2,716,081	2,140,122
Other assets		25,393	7,056
Total current assets		7,487,397	5,608,740
Property, plant and equipment	10	19,929	20,338
Net deferred tax assets	7a	811,003	718,227
Total non-current assets		830,932	738,565
Total assets		8,318,329	6,347,305
Liabilities			
Trade payables	11	(69,311)	(162,113)
Other payables	12	(791,830)	(449,912)
Current tax liabilities		(237,695)	(181,269)
Provisions	13	(2,283,939)	(1,827,825)
Total current liabilities		(3,382,775)	(2,621,119)
Provisions	13	(509,466)	(452,817)
Total non-current liabilities		(509,466)	(452,817)
Total liabilities		(3,892,241)	(3,073,936)
Surplus / (deficiency) in net assets		4,426,088	3,273,369
Equity			
Share capital	14	3,500,300	3,500,300
Accumulated profit / (losses)		925,788	(226,931)
Surplus / (deficiency) in equity		4,426,088	3,273,369

Statement of Profit or Loss and Other Comprehensive Income

In AUD

Particulars	Note no.	As at December 31,	
		2019	2018
Revenue	5	24,055,475	22,824,970
Cost of sales	6b	(20,379,471)	(19,390,797)
Gross profit		3,676,004	3,434,173
Administrative expenses	6d	(863,285)	(797,708)
Other expenses	6c	(1,075,760)	(941,107)
Operating profit		1,736,959	1,695,358
Finance income	6a	-	1,037
Finance costs	6a	(16,459)	(40,419)
Net finance costs		(16,459)	(39,382)
Profit before tax		1,720,500	1,655,976
Income tax expense	7b	(567,781)	(521,491)
Profit for the year		1,152,719	1,134,485
Other comprehensive income, net of tax		-	-
Total comprehensive income		1,152,719	1,134,485

Statement of Changes in Equity

In AUD

	Share capital	Balance at January 1, 2018	
		Accumulated losses	Surplus/(Deficiency) in Equity
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
Balance at January 1, 2019	3,500,300	(226,931)	3,273,369
Total other comprehensive income	-	-	-
Profit for the year	-	1,152,719	1,152,719
Total comprehensive income for the year	-	1,152,719	1,152,719
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, 2019	3,500,300	925,788	4,426,088

Statement of Cash Flows

In AUD

Particulars	Note no.	As at December 31,	
		2019	2018
Cash flows from operating activities			
Cash receipts from customers		23,446,618	22,723,123
Cash paid to suppliers and employees		(21,533,405)	(21,003,918)
Cash (used in) / generated from operations		1,913,213	1,719,205
Interest (paid) / received net		(8,841)	(21,981)
Income tax (paid) / refund received		(604,131)	(390,587)
Net cash from operating activities	16	1,300,241	1,306,637
Cash flows from investing activities			
Purchase of property, plant and equipment		(15,880)	(10,322)
Net cash used in investing activities		(15,880)	(10,322)
Cash flows from financing activities			
Proceeds from / (repayment of) borrowings from holding company		-	(1,206,136)
Net cash used in financing activities		-	(1,206,136)
Net increase / (decrease) in cash and cash equivalents		1,284,361	90,179
Cash and cash equivalents at January 1		3,461,562	3,371,383
Cash and cash equivalents as on December 31		4,745,923	3,461,562

1. Reporting entity

Infosys Management Consulting Pty. Ltd. ('the Company'), previously Lodestone Management Consultants Pty. Ltd., is a company domiciled in Australia, whereby the Company's name was changed on 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, 2019. 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 13, 2020.

(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 judgments

The preparation of financial statements in conformity with AASB requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

(e) Adoption of new and revised standards

Impact of initial application of AASB 16 Leases

In the current year, the Company has applied AASB 16 Leases that is effective for annual periods that begin on or after January 1, 2019. AASB 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 3 (j). There is no material impact of the adoption of AASB 16 on the Company's financial statements.

The date of initial application of AASB 16 for the Company is January 1, 2019.

The entity as a lessee

The entity assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the entity assesses whether: (1) the contract involves the use of an identified asset (2) the entity has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the entity has the right to direct the use of the asset.

In preparation for the first-time application of AASB 16, the Company has assessed that the new definition in AASB 16 will not significantly change the scope of contracts that meet the definition of a lease for the Company.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Company has opted to recognize a lease expense on a straight-line basis as permitted by AASB 16. This expense is presented within 'other expenses' in profit or loss.

The following table shows the operating lease commitments disclosed applying AASB 117 at December 31, 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognized in the statement of financial position at the date of initial application.

Impact on retained earnings as at January 1, 2019	In AUD
Operating lease commitments at December 31, 2018	43,642
Short-term leases and leases of low-value assets	(43,642)
Lease liabilities recognised at January 1, 2019	-

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 on the Balance Sheet.

(ii) Non-derivative financial liabilities

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

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

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

(iii) Share Capital

Ordinary shares

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

(c) Property, plant and equipment

(i) Recognition and measurement

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

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

(d) Intangible assets

(i) Other intangible assets - software

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

Software 3 years

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

(e) Impairment

(i) Non-financial assets

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

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

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

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

(ii) Non-derivative financial assets

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

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

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

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

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

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

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

(f) Employee benefits

(i) Defined contribution plans

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

(ii) Long term employee benefits

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

(iii) Termination benefits

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

(iv) Short term benefits

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

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

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

Revenue is derived from providing local marketing and client liaison functions for clients based in Australia as well as performing onsite software development/ implementation services on the basis of agreed mark-up on cost incurred.

(j) Leases

(i) Policies applicable from January 1, 2019

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

In the case of the Company, all leases are short term leases and hence are exempted from the recognition and measurement requirements of AASB 16 Leases.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost-less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss (Refer to Note 6c).

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(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 judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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 Services 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, 2019, 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. These standards become mandatory for the Company's 2019 or 2020 financial statements. The Company does not plan to adopt these standards early.

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 AUD

Particulars	As at December 31	
	2019	2018
Related party revenue	24,055,475	22,811,785
Third party revenue	-	13,185
Total	24,055,475	22,824,970

6a. Finance income and finance costs

In AUD

Particulars	As at December 31,	
	2019	2018
Finance income		
Interest received	-	1,037
	-	1,037
Finance costs		
Bank charges	(10,485)	(3,038)
Interest expense on loan and borrowings	-	(19,980)
Net unrealized / realized foreign currency loss	(5,974)	(17,401)
	(16,459)	(40,419)
Net finance (expense)	(16,459)	(39,382)

6b. Cost of sales

In AUD

Particulars	As at December 31,	
	2019	2018
Travel	1,676,883	1,474,255
Employee benefits expense	17,369,212	15,334,461
External contractor expense	1,333,376	2,582,081
	20,379,471	19,390,797

6c. Other expenses

In AUD

Particulars	As at December 31,	
	2019	2018
Depreciation expense	16,288	35,959
Other expense	1,059,472	905,148
	1,075,760	941,107

6d. Administrative expenses

In AUD

Particulars	As at December 31,	
	2019	2018
Communications	132,356	217,921
Legal and accounting	47,973	46,521
Back office expense	121,769	74,246
Employee benefit expense	561,187	459,020
	863,285	797,708

6e. Employee expense

In AUD

Particulars	As at December 31,	
	2019	2018
Employee salary	14,140,584	12,149,147
Employee bonus	942,841	1,152,956
Annual leave and long service leave	170,007	255,429
Superannuation	1,390,803	1,256,613
Other employee related expenses	1,286,164	979,336
	17,930,399	15,793,481

7. Tax expense

(a) Deferred tax asset

In AUD

Particulars	As at December 31,	
	2019	2018
Deferred tax assets – timing differences	(819,757)	(722,986)
Deferred tax liabilities	8,754	4,759
	(811,003)	(718,227)

(b) Reconciliation of effective tax rate

In AUD

Particulars	As at December 31,	
	2019	2018
Profit / (Loss) before tax	1,720,500	1,655,976
Tax using the Company's domestic tax rate of 30% (2018: 30%)	516,150	496,793
Catch-up deferred tax accounted	(9,021)	(7,299)
Non-deductible tax expenses	60,652	31,997
Income tax (reversal) / expense for the year	567,781	521,491

8. Cash and cash equivalents

In AUD

Particulars	As at December 31,	
	2019	2018
Cash and cash equivalents	4,745,923	3,461,562

9. Trade and other receivables

In AUD

Particulars	As at December 31,	
	2019	2018
Trade receivable due from related party	2,672,071	2,128,873
Other receivables	44,010	11,249
	2,716,081	2,140,122

The average credit period on sale is 30 days. No interest is charged on trade receivables. Based on management's best estimate, no doubtful debts exist as on December 31, 2019.

10. Property, plant and equipment

In AUD

Particulars	Leasehold improvement / installation	IT equipment / Office machines	Furniture	Total
Cost				
Balance at January 1, 2018	205,163	241,110	42,019	488,292
Additions	-	10,322		10,322
Disposals / write-off	-	(55)	-	(55)
Balance at December 31, 2018	205,163	251,377	42,019	498,559
Depreciation and impairment losses				
Balance at 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 at 31 December 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

In AUD

Particulars	Leasehold improvement / installation	IT Equipment / Office machines	Furniture	Total
Cost				
Balance at January 1, 2019	205,163	251,377	42,019	498,559
Additions	-	15,880	-	15,880
Disposals / write-off	-	-	(2,993)	(2,993)
Balance at December 31, 2019	205,163	267,257	39,026	511,446
Depreciation and impairment losses				
Balance at January 1, 2019	(205,163)	(236,641)	(36,417)	(478,221)
Depreciation for the year	-	(14,393)	(1,896)	(16,289)
Disposals / write-off	-	-	2,993	2,993
Balance at December 31, 2019	(205,163)	(251,034)	(35,320)	(491,517)
Carrying amounts				
at January 1, 2019	-	14,736	5,602	20,338
at December 31, 2019	-	16,223	3,706	19,929

11. Trade payables

In AUD

Particulars	As at December 31,	
	2019	2018
Trade payables due to related party	39,985	37,261
Other trade payables	29,326	124,852
	69,311	162,113

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.

12. Other payables

In AUD

Particulars	As at December 31,	
	2019	2018
Accrued superannuation expense	146,942	-
Accrued subcontractor expenses	53,062	121,900
Other accruals	500,940	252,233
Payroll tax	90,886	75,779
	791,830	449,912

13. Provisions

Employee benefits

In AUD

	As at December 31,	
	2019	2018
Current		
Annual leave	892,566	814,521
Long service leave outstanding	102,458	67,145
Incentive provision	314,119	-
Accrued bonus	974,796	946,159
Total current	2,283,939	1,827,825
Non-current		
Long service leave outstanding	509,466	452,817
Total non-current	509,466	452,817
Total employee provisions	2,793,405	2,280,642

14. Capital and reserves

Share capital

In shares

	As at December 31,	
	2019	2018
On issue at January 1	3,500,300	3,500,300
Add: shares issued during the year	-	-
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 (2018: $nil).

Dividend franking account as at December 31

In AUD

	As at December 31,	
	2019	2018
30% franking credits available to shareholders of Infosys Management Consulting Pty. Ltd. for subsequent financial years	1,491,665	887,513
	1,491,665	887,513

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

1. Franking credits / debits that will arise from the payment / receipts of the current tax liabilities / assets;
2. Franking debits that will arise from the payment of dividends recognized as a liability at the year-end;
3. Franking credits that will arise from the receipt of dividends recognized as receivables at the year-end; and
4. 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.

15. key managerial personnel compensation

key managerial 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 AUD

	As at December 31,	
	2019	2018
Short-term employee benefits	1,453,107	1,114,252

16. Reconciliation of cash flow from operating activities

In AUD

	As at December 31,	
	2019	2018
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit / (Loss) for the year after tax	1,152,719	1,134,485
Adjustments for:		
Depreciation expense	16,288	35,958
Loss on sales of fixed assets	-	-
Income tax expense	567,781	521,491
Operating profit / (loss) before changes in working capital	1,736,788	1,691,934
Decrease / (increase) in trade and other receivables	(594,295)	(85,751)
(Decrease) / increase in trade and other payables	563,205	(205,112)
(Decrease) / increase in provision and employee benefits	198,644	313,893
Increase / (decrease) in deferred income	30	(17,740)
Income tax	(604,131)	(390,587)
Net cash from / (used in) operating activities	1,300,241	1,306,637

17. Related party transactions

The details of the related party transactions entered into by the Company during the year ended December 31, 2019 and December 31, 2018 are as follows:

In AUD

	As at December 31,	
	2019	2018
Revenue Transactions		
Sale of services		
Infosys Limited	22,039,214	17,605,002
Infosys Consulting GmBH	492,470	4,482,998
Infosys BPM Limited	1,262,248	665,261
Infosys Compaz Pte. Ltd.	257,327	-
Portland Group Pty. Ltd.	4,216	58,524
	24,055,475	22,811,785
Purchase of services		
Infosys Consulting GmBH	-	18,660
Infosys consulting Holding AG	-	5,928
Infosys Consulting Pte. Ltd.	120,441	102,693
Infy Consulting BV	39,719	12,105
Infosys Consulting AG	135,618	155,048
	295,778	294,434
Employee stock compensation	106,297	16,466
Capital transaction		
Repayment of Loan- Infosys Consulting Holding AG	-	1,225,748
	-	1,225,748
Interest expense		
Infosys Consulting Holding AG	-	19,965
	-	19,965

The details of the amount due to or due from related parties as at December 31, 2019 and December 31, 2018 are as follows:

In AUD

	As at December 31,	
	2019	2018
Trade receivables		
Infosys Limited	2,152,090	1,381,637
Infosys Consulting GmBH	-	379,355
Portland Group Pty. Ltd.	-	13,580
Infosys Compaz Pte. Ltd.	257,301	-
Infosys BPM Limited	262,680	354,301
	2,672,071	2,128,873
Other receivable		
Infosys Consulting Holding AG	-	1,643
Trade Payables		
Infosys Consulting Pte. Ltd.	21,114	17,828
Infy Consulting BV	15,332	12,124
Infosys Consulting Holding AG	-	5,932
Infosys Limited	-	646
Infosys Consulting AG	3,539	731
	39,985	37,261
Provision expense		
Employee stock comp	134,327	30,273

18. 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 AUD

	As at December 31,	
	2019	2018
Less than one year	-	43,642
Between one and five years	-	-
Total	-	43,642

19. Financial instruments

Financial instruments by category

In AUD

Financial assets	As at December 31,	
	2019	2018
Cash and cash equivalents	4,745,923	3,461,562
Receivables	2,672,071	2,128,873
Financial liabilities		
At amortized cost:		
Trade payables	(69,311)	(162,113)
Other payables	(795,282)	(326,653)

20. Auditors' remuneration

In AUD

	As at December 31,	
	2019	2018
Audit of financial reports*	25,000	25,000
Other services	-	-
Total	25,000	25,000

*The audit fees for 2018 and 2019 is payable to Deloitte Touche Tohmatsu.

21. Ultimate parent entity

As at, and throughout the financial year ending December 31, 2019, the parent entity of the Company was Infosys Consulting Holding AG, incorporated in Switzerland, and the ultimate parent is Infosys Limited, India.

22. Events subsequent to reporting date

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

23. Capital management

The Board's policy is to improve its capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors will continue to monitor the return on capital, and level of dividends to ordinary shareholders.

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

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

Directors' declaration

In the opinion of the directors of Infosys Management Consulting Pty Ltd ("the Company"):

(a) the Company is not publicly accountable nor a reporting entity;

(b) the financial statements and notes, set out on pages 4 to 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 31 December 2019 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 4;

  (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:

Roger Gibson
Director

Sydney

March 13, 2020

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Kallidus, Inc.

Independent Auditor's Report

To the Board of Directors of Infosys Limited

Opinion

We have audited the financial statements of Kallidus Inc. ("the Company"), subsidiary company of Infosys Limited ("the Holding Company"), which comprise the Balance Sheet as at December 31 2019, the statement of profit and loss account (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (herein referred to as "Ind AS financial statements").

In our opinion, the accompanying Ind AS financial statements give a true and fair view of the financial position of the entity as at December 31, 2019, and of its financial performance including other comprehensive income, it's cash flows and the changes in equity for the year then ended in accordance with the Indian Accounting Standards as specified under section 133 of the Companies Act 2013 ('the Act') read with relevant rules issued thereunder.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by ICAI. 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 entity in accordance with the ethical requirements that are relevant to our audit of the Ind AS 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.

Emphasis of Matter

We draw attention to Note 2.19 of the Ind AS financial statements of the Company, where the Board of Director of the Company, in the board meeting held on 10 October 2019 have approved the business transfer of the Company to the Holding Company. The Company is in the process of executing the business transfer agreement and related documents to transfer the business, subject to securing the requisite regulatory approvals for a consideration based on an independent valuation.

Our opinion is not modified in respect of this matter.

Responsibilities of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation and fair presentation of these Ind AS financial statements in accordance with the aforesaid Indian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of these Ind AS financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these Ind AS 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.

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether these Ind AS 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 Ind AS 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 these Ind AS 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 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 entity 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 that we identify during our audit.

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

Amrit Bhansali
Partner
Membership number : 065155

UDIN: 20065155AAAACW2596

Place: Bengaluru
Date: June 1, 2020

Balance Sheet

in US$

Particulars	Note no.	As at December 31, 2019	As at December 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	671,733	1,100,463
Intangible assets	2.1	–	–
Deferred tax assets, net	2.12	10,063,260	7,002,569
Income tax assets, net	2.12	–	10,677
Total non-current assets		10,734,993	8,113,709
Current assets			
Financial assets			
Trade receivables	2.3	4,002,104	3,070,106
Cash and cash equivalents	2.4	2,029,054	3,626,934
Other financial assets	2.2	3,118,467	181,898
Other current assets	2.5	560,186	806,179
Total current assets		9,709,811	7,685,117
Total assets		20,444,804	15,798,826
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.7	2,479,691	2,479,691
Other equity		(9,534,484)	(2,518,066)
Total equity		(7,054,793)	(38,375)
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	2.12	–	–
Income tax liability, net	2.12	7,385	–
Total non-current liabilities		7,385	–
Current liabilities			
Financial liabilities			
Borrowings	2.11	17,000,000	6,000,000
Trade payables	2.9	5,516,007	4,396,419
Other financial liabilities	2.8	4,080,290	4,513,039
Other current liabilities	2.10	895,915	927,743
Total current liabilities		27,492,212	15,837,201
Total equity and liabilities		20,444,804	15,798,826

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

Place: Bengaluru
Date: June 1, 2020

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

Amit Kalley
Director

Sourav Banerjee
Director

Place: USA
Date: June 1, 2020

Statement of Profit and Loss

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

Particulars	Note no.	Year ended December 31,	
		2019	2018
Revenue from operations	2.13	14,930,227	14,779,639
Other income, net	2.14	5,222	195,370
Total income		14,935,449	14,975,009
Expenses			
Employee benefit expenses	2.15	11,262,456	17,172,883
Finance cost		346,094	108,493
Cost of technical sub-contractors		7,536,248	8,512,652
Travel expenses		665,755	1,086,598
Cost of software packages and others	2.15	529,237	341,992
Communication expenses		3,429,874	2,494,411
Consultancy and professional charges		425,993	773,681
Depreciation and amortization expense	2.1	432,069	784,638
Other expenses	2.15	1,545,769	1,239,370
Total expenses		26,173,495	32,514,718
Loss before tax		(11,238,046)	(17,539,709)
Tax expense:			
Current tax (reversed) / expensed	2.12	(1,160,937)	560,127
Deferred tax credit	2.12	3,060,692	(5,745,363)
Loss for the year		(7,016,418)	(12,354,473)
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		(7,016,418)	(12,354,473)
Earnings per equity share			
Equity shares			
Basic and diluted (USD)		(0.07)	(0.12)
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

Amrit Bhansali
Partner
Membership number: 065155

Place: Bengaluru
Date: June 1, 2020

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

Amit Kalley
Director

Sourav Banerjee
Director

Place: USA
Date: June 1, 2020

Statements of Cash Flows

in US$

	Note no.	Year ended December 31,	
		2019	2018
Cash flow from operating activities			
Loss for the year		(7,016,418)	(12,354,473)
Adjustments to reconcile net profit to net cash provided by operating activities:			
Income taxes expense		(4,221,629)	(5,185,236)
Depreciation and amortization expense		432,069	784,638
Interest and other income		(4,558)	(18,774)
Finance cost		346,094	108,493
(Profit) / loss on sale of assets		–	(123,602)
Impairment loss recognized / (reversed) under expected credit loss model		63,900	(624,556)
Changes in operating assets and liabilities			
Trade receivables and unbilled revenue		(3,780,788)	4,555,126
Prepayments and other assets		94,315	(47,400)
Trade payables		1,119,589	(176,164)
Unearned revenues and other liabilities		(810,672)	(2,539,460)
Cash generated by operating activities		(13,778,098)	(15,621,408)
Income tax refund		1,178,999	3,683,266
Net cash used in operating activities		(12,599,099)	(11,938,142)
Cash flow from investing activities:			
Purchase of property, plant and equipment		(3,401)	(23,394)
Sale of property, plant and equipment and intangible assets		61	1,300,000
Purchase of intangible assets		–	–
Interest and other income		4,558	18,774
Net cash from investing activities		1,218	1,295,380
Cash flow from financing activities:			
Proceeds from short term borrowings (Refer to Note 2.8)		11,000,000	6,000,000
Net cash from financing activities		11,000,000	6,000,000
Net (decrease) / increase in cash and cash equivalents		(1,597,880)	(4,642,763)
Cash and cash equivalents at the beginning of the year		3,626,934	8,269,697
Cash and cash equivalents at the end of the year	2.4	2,029,054	3,626,934

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

Place: Bengaluru
Date: June 1, 2020

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

Amit Kalley
Director

Sourav Banerjee
Director

Place: USA
Date: June 1, 2020

Statement of Changes in Equity

in US$

Particulars	Share capital	Share premium	Retained earnings	Total equity of the Company
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)
Balance as of January 1, 2019	2,479,691	–	(2,518,066)	(38,375)
Net loss for the year	–	–	(7,016,418)	(7,016,418)
Balance as of December 31, 2019	2,479,691	–	(9,534,484)	(7,054,793)

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

Place: Bengaluru

Date: June 1, 2020

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

Amit Kalley
Director

Sourav Banerjee
Director

Place: USA

Date: June 1, 2020

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.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues and investment. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

1.4 Revenue recognition

Revenue is primarily derived from software development and related services.

Effective January 1, 2019, 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 January 1, 2019. 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.

Arrangements with customers for software related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

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.

T&M

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.

FP

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.

Uncertainty

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 (referred to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (referred to refer to as unearned revenue).

Software development and related services

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.

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 Ind AS 115 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 discounts

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.

Deferred contract cost

Deferred contract costs are incremental costs of obtaining a contract which are recognized as assets and amortized over the term of the contract.

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.

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

1.15 Foreign currency

Functional currency

The functional currency of the Company is the US Dollar. These financial statements are presented in the 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. 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, 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, 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

2.1 Property, plant and equipment and intangible assets

Following are the changes in the carrying value of property, plant and equipment an intangible assets for the year ended December 31, 2019:

in US$

Particulars	Property, plant and equipment				Tangible Total	Intangible Software	Total
	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures			
Gross carrying value as of January 1, 2019	1,218,609	48,099	627,925	151,490	2,046,123	–	2,046,123
Additions during the year	–	1,000	2401	–	3,401	–	3,401
Deletions during the year	–	(183)	–	–	(183)	–	(183)
Gross carrying value as of December 31, 2019	1,218,609	48,916	630,326	151,490	2,049,341	–	2,049,341
Accumulated depreciation as of January 1, 2019	(543,444)	(16,129)	(334,507)	(51,580)	(945,660)	–	(945,660)
Depreciation and amortization charge for the year	(244,973)	(10,593)	(146,280)	(30,223)	(432,069)	–	(432,069)
Accumulated depreciation on deletions	–	121	–	–	121	–	121
Accumulated depreciation as of December 31, 2019	(788,417)	(26,601)	(480,787)	(81,803)	(1,377,608)	–	(1,377,608)
Carrying value as of December 31, 2019	430,192	22,315	1,49,539	69,687	671,733	–	671,733

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

in US$

Particulars	Property, plant and equipment				Tangible Total	Intangible Software	Total
	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures			
Gross carrying value as of January 1, 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)	–	(945,660)
Carrying value as of December 31, 2018	675,165	31,970	293,418	99,910	1,100,463	–	1,100,463

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

2.2 Other financial assets

in US$

Particulars	As at December 31,	
	2019	2018
Current		
Rental deposits [1]	31,178	31,178
Unbilled revenues [1][2]	2,927,554	142,665
Others [1]	159,735	8,055
Total	3,118,467	181,898
[1] Financial assets carried at amortized cost	3,118,467	181,898
[2] Includes dues from related party (Refer to Note 2.17)	157,395	820

2.3 Trade receivables

in US$

Particulars	As at December 31,	
	2019	2018
Current		
Unsecured		
Considered good [1]	4,002,104	3,070,106
Credit impaired	263,317	199,417
	4,265,421	3,269,523
Less: Allowances for credit loss	263,317	199,417
	4,002,104	3,070,106
[1] Includes dues from related party (Refer to Note 2.17)	832,453	1,169,500

2.4 Cash and cash equivalents

in US$

Particulars	As at December 31,	
	2019	2018
Balances with bank		
In current accounts	2,029,054	3,626,934
Total cash and cash equivalents	2,029,054	3,626,934

2.5 Other current assets

in US$

Particulars	As at December 31,	
	2019	2018
Current		
Others		
Prepaid expenses	560,186	806,179
	560,186	806,179
Total other current assets	560,186	806,179

2.6 Financial instruments

Financial instruments by category

The carrying value of financial instruments were as follows:

in US$

Particulars	As at December 31,	
	2019	2018
Assets:		
Cash and cash equivalents (Refer to Note 2.4)	2,029,054	3,626,934

Particulars	As at December 31,	
	2019	2018
Trade receivables (Refer to Note 2.3)	4,002,104	3,070,106
Other financial assets (Refer to Note 2.2)	3,118,467	181,898
Total	9,149,625	6,878,938
Liabilities:		
Trade payables (Refer to Note 2.9)	5,516,007	4,396,419
Borrowings	17,000,000	6,000,000
Other financial liabilities (Refer to Note 2.8)	3,542,760	3,974,733
Total	26,058,767	14,371,152

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$ 4,002,104 and US$ 3,070,106 as of December 31, 2019 and December 31, 2018 respectively and unbilled revenue amounting to US$ 2,927,554 and US$ 142,665 as of December 31, 2019 and December 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 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, 2019 was US$ 63,900 and US$ (624,556) for the year ended December 31, 2018.

in US$

Particulars	Year ended December 31,	
	2019	2018
Balance at the beginning	199,417	823,973
Impairment loss recognized / (reversed)	63,900	(624,556)
Balance at the end	263,317	199,417

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

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligation on time.

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, 2019, the Company had a negative working capital of US$ 17,782,401 including cash and cash equivalents of US$ 2,029,054. 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.

The significant financial liability is borrowings from related party of US$ 17,000,000 as on December 31, 2019 and US$ 6,000,000 as on December 31, 2018.The loan is repayable on demand. (Refer note 2.17).

In the general interest of Kallidus Inc., the fellow subsidiary continue to provide financials support as may be necessary to continue trade and meet it's obligation.

2.7 Equity

Equity share capital

in US$

Particulars	As at December 31,	
	2019	2018
Authorized capital		
Equity shares		
222,000,000 shares	–	–
Issued, subscribed and paid-up capital		
102,135,416 shares of USD 0.02 each	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, 2019 and December 31, 2018 are as follows:

Name of the shareholder	As at December 31,			
	2019		2018	
	Number of shares	% held	Number of shares	% held
Infosys Limited, holding company	102,135,416	100.00	102,135,416	100.00

2.8 Other financial liabilities

in US$

Particulars	As at December 31,	
	2019	2018
Current		
Others		
Accrued compensation to employees (1)	1,031,366	1,600,002
Accrued expenses (1) (2)	1,813,728	2,092,998

Particulars	As at December 31,	
	2019	2018
Compensated absences	537,530	538,306
Accrued interest on loan from subsidiary (1)(4)	454,587	108,493
Other payables (1) (3)	243,079	173,240
	4,080,290	4,513,039
Total financial liabilities	4,080,290	4,513,039
(1) Financial liability carried at amortized cost	3,542,760	3,974,733
(2) Includes dues to related party (Refer to Note 2.17)	1,142,617	1,515,994
(3) Includes dues to related party (Refer to Note 2.17)	231,129	162,987
(4) Includes dues to related party (Refer to Note 2.17)	454,587	108,493

2.9 Trade payables

In US$

Particulars	As at December 31,	
	2019	2018
Trade payables (1)	5,516,007	4,396,419
	5,516,007	4,396,419
(1) Includes dues to related parties (Refer to Note 2.17)	5,339,113	4,237,210

2.10 Other liabilities

in US$

Particulars	As at December 31,	
	2019	2018
Current		
Unearned revenue	555,434	667,991
Others		
Withholding taxes and others	160,626	34,934
Deferred rent	179,855	224,818
	895,915	927,743

2.11 Borrowings

in US$

Particulars	As at December 31,	
	2019	2018
Current		
Unsecured loan from fellow subsidiaries	17,000,000	6,000,000
Total current borrowings	17,000,000	6,000,000

On 10 April 2018, Kallidus Inc. received a working capital loan from Infosys Public Services Inc. to the extent of USD 6,000,000 on the following terms and conditions:

1. Interest on the principal shall be charged at simple interest per annum and shall be revised periodically based on agreed arm's length rate. The rate of interest as at December 2019 is 2.86%.

On 1st March 2019 the Company further entered into loan agreement with Infosys Public Services Inc. to borrow USD 5,000,000 out of which USD 5,000,000 was received in different tranches.

Interest: Interest on the principal shall be charged at the rate equal to LIBOR + appropriate spread which is 0.82% simple interest. The rate of interest as at December 2019 is 2.86%

The rate shall be revisited quarterly based on the LIBOR on the 1st day of each quarter.

On 5th July 2019 the Company further entered into working capital loan agreement with Infosys Public Services Inc. to borrow USD 3,000,000 out of which USD 2,000,000 was received on 19 July 2019.

Terms of the loan are as follows :

1. Interest on the principal shall be charged at LIBOR + appropriate spread % which shall be revised periodically based on the agreed arm's length interest rate. The rate of interest as at December 2019 is 2.86%
2. The principal amount of loan shall be repayable on demand.

On 6th August 2019 the Company entered into working capital loan agreement with Infosys Technologies S. de. R. L. de. C.V to borrow USD 5,000,000 out of which USD 4,000,000 was received in different tranches.

2.12 Income taxes

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

In US$

Particulars	Year ended December 31,	
	2019	2018
Current taxes	(1,160,937)	560,127
Deferred taxes	3,060,692	(5,745,363)
Income tax expense	(4,221,629)	(5,185,236)

Current tax expense for the year ended December 31, 2019 and December 31, 2018 includes provision / (reversal) amounting to US$ (1,344,119) and US$ (691,931) respectively pertaining to prior periods

Entire deferred income tax for the year ended December 31, 2019 and December 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 US$

Particulars	Year ended December 31,	
	2019	2018
Profit before income taxes	(11,238,046)	(17,539,709)
Enacted tax rates in US	27.00%	27.00%
Computed expected tax expense	(3,034,272)	(4,735,722)
State minimum taxes	5,000	5,000
Tax provision/(reversal) for earlier periods	(1,344,119)	(691,931)
Overseas withholdings	178,182	1,247,059
Effect of unrecognized deferred tax assets	(44,006)	(131,168)
Effect of non-deductible expenses	17,586	64,528
Others	–	(943,002)
Income tax expense	(4,221,629)	(5,185,236)

The applicable federal statutory tax rate for both year ending 2019 and year ending 2018 is 27% and 27% respectively.

The following table provides the details of income tax assets and income tax liabilities:

in US$

Particulars	As at December 31,	
	2019	2018
Income tax assets	(7,385)	10,677
Net current income (liability)/ tax assets at the end	(7,385)	10,677

The gross movement in the current income tax asset / (liability) for the years ended December 31, 2019 and December 31, 2018 is as follows:

in US$

Particulars	Year ended December 31,	
	2019	2018
Net current income tax asset/ (liability) at the beginning	10,677	4,254,070
Income tax paid/(refund)	(1,178,999)	(3,683,266)
Current income tax expense	1,160,937	(560,127)
Net current income (liability)/ tax assets at the end	(7,385)	10,677

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,	
	2019	2018
Deferred income tax assets		
Accrued compensation to employees	278,469	432,000
Compensated absences	145,133	145,343
Accumulated losses	8,046,532	4,972,814
Others	1,596,983	1,545,962
Total deferred income tax assets	10,067,117	7,096,119
Deferred income tax liabilities		
Fixed assets	3,857	93,550
Others	–	–
Total deferred income tax liabilities	3,857	93,550
Deferred income tax assets after set off	10,063,260	7,002,569
Deferred income tax liabilities after set off	–	–

Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set-off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

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

The gross movement in the deferred income tax account for the year ended December 31, 2019 and December 31, 2018, is as follows:

in US$

Particulars	Year ended December 31,	
	2019	2018
Net deferred income tax asset at the beginning	7,002,569	1,257,206
Credits / (charge) relating to temporary differences	3,060,691	5,745,363
Net deferred income tax asset at the end	10,063,260	7,002,569

The credit to temporary difference during the year December 31, 2019 are primarily on account of deferred tax assets recognized on accumulated losses partially offset by accrued compensation to employees and compensated absences.

The credit to temporary difference during the year December 31, 2018 are primarily on account of accrued compensation to employees and compensated absences.

In assessing the realizability of the deferred income tax assets as per the Management assessment, the Company has two options for utilizing the net operating losses:

1. Set off the losses against the capital gain arising of US$ 43.94 million on account of business transfer to Infosys Limited.
2. Set off the losses against the prior year profits of US$ 10 million under CARES Act

2.13 Revenue from operations

Revenue from operations for the year ended December 31, 2019 and December 31, 2018 is as follows:

in US$

Particulars	Year ended December 31,	
	2019	2018
Revenue from software services	132,890	81,072
Revenue from products and platforms	14,797,337	14,698,567
Total revenue from operations	14,930,227	14,779,639

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers by offerings for the year ended December 31, 2019. 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, 2019
Revenue by offerings	
Core	132,890
Digital	14,797,337
Total	14,930,227

Digital services

Digital services comprise of service and solution offerings of the Company that enable our clients to transform their businesses. These include offerings that enhance customer experience, leverage AI-based analytics and big data, engineer digital products and IoT, modernize legacy technology systems, migrate to cloud applications and implement advanced cybersecurity systems.

Core services

Core services comprise traditional offerings of the Company that have scaled and industrialized over a number of years. These primarily include application management services, proprietary application development services, independent validation solutions, product engineering and management, infrastructure management services, traditional enterprise application implementation, support and integration services.

Products and platforms

The Company also derives revenues from the sale of products and platforms including Infosys Nia – an Artificial Intelligence (AI) platform which applies next-generation AI and machine learning.

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 (contract asset) 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 receivables and unbilled revenues are presented net of impairment in the Balance Sheet.

During the year ended December 31, 2019, the Company recognized revenue of US$ 642,991 arising from opening unearned revenue as of January 1, 2019.

During the year ended December 31, 2019, US$19,090 of unbilled revenue pertaining to fixed-price development contracts as of January 1, 2019 has been reclassified to trade receivables upon billing to customers on completion of milestones.

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 Group expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Group 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 at December 31, 2019, other than those meeting the exclusion criteria mentioned above, is US$ 5,902,545. Out of this, the Group expects to recognize revenue of around 46% within the next one year and the remaining thereafter. The contracts can generally be terminated by the customers and typically includes an enforceable termination penalty payable by them.

2.14 Other income

in US$

Particulars	Year ended December 31,	
	2019	2018
Interest received on financial assets – carried at amortized cost		
Deposit with bank and others	4,558	18,774
Exchange gains / (losses) on foreign currency forward and options contracts	–	–
Exchange gains / (losses) on translation of other assets and liabilities	–	–
Profit / (loss) on sale of assets	–	123,602
Miscellaneous income, net	664	52,994
	5,222	195,370

2.15 Expenses

in US$

Particulars	Year ended December 31,	
	2019	2018
Employee benefit expenses		
Salaries including bonus	10,420,686	15,927,576
Contribution to provident and other funds	–	–
Share-based payments to employees	–	–
Staff welfare	841,770	1,245,307
	11,262,456	17,172,883
Cost of software packages and others		
Own use / third-party hardware and applications	529,237	341,992
Third-party items bought for service delivery to clients	–	–
	529,237	341,992
Other expenses		
Power and fuel	–	–
Brand and marketing	676,314	1,042,672
Operating lease payments	702,579	564,434
Rates and taxes	29,066	93,445
Repairs and maintenance	42,418	35,087
Consumables	1,232	395
Insurance	516	7,617
Donation	–	–
Allowances for credit losses on financial assets	63,900	(624,556)
Exchange gains / (losses)	8,334	–
Auditor's remuneration		
Audit fees	–	–
Reimbursement of expenses	–	–
Interest expense on loan from related party	–	–
Others	21,410	120,276
	1,545,769	1,239,370

2.16 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period is as under:

in US$

Particulars	Year ended December 31,	
	2019	2018
Lease rentals recognized during the period	702,579	564,434

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,	
	2019	2018
Not later than 1 year	791,772	842,772
Later than 1 year and not later than 5 years	2,373,883	3,296,797
Later than 5 years	–	–

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

2.17 Related party transactions

List of related parties:

	As at December 31,	
	2019	2018
Name of the holding company		
Infosys Limited	100%	100%

List of related parties:

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) (25)	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	Chile
Infosys Arabia Limited (2)	Saudi Arabia
Infosys Consulting Ltda. (2)	Brazil
Infosys CIS LLC (1) (18) (26)	Russia
Infosys Luxembourg S.a.r.l (1) (13)	Luxembourg

Name of fellow subsidiaries	Country
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (3)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc (19)	Canada
Infosys BPM Limited	India
Infosys (Czech Republic) Limited s.r.o. (4)	Czech Republic
Infosys Poland Sp z.o.o (4)	Poland
Infosys McCamish Systems LLC (4)	US
Portland Group Pty Ltd (4)	Australia
Infosys BPO Americas LLC. (4)	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc. (5) (11)	US
Infosys Management Consulting Pty Limited (5)	Australia
Infosys Consulting AG (5)	Switzerland
Infosys Consulting GmbH (5)	Germany
Infosys Consulting S.R.L. (1)	Romania
Infosys Consulting SAS (5)	France
Infosys Consulting s.r.o. (5)	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd. (formerly Lodestone Management Consultants Co., Ltd) (5)	China
Infy Consulting Company Ltd (5)	UK
Infy Consulting B.V. (5)	The Netherlands
Infosys Consulting Sp. z.o.o (32)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (5)	Portugal
Infosys Consulting S.R.L. (5)	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) (6)	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd. (7)	Israel
Panaya GmbH(7)	Germany
Panaya Japan Co. Ltd (7)(31)	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited (8)	UK
Brilliant Basics (MENA) DMCC (8) (26)	UAE
Infosys Consulting Pte Limited (Infosys Singapore) (1)	Singapore
Infosys Middle East FZ LLC (9)	UAE
Fluido Oy (9) (14)	Finland
Fluido Sweden AB (Extero) (15)	Sweden
Fluido Norway A/S (15)	Norway
Fluido Denmark A/S (15)	Denmark
Fluido Slovakia s.r.o (15)	Slovakia
Fluido Newco AB (15)	Sweden
Infosys Compaz Pte. Ltd (formerly Trusted Source Pte. Ltd) (16)	Singapore
Infosys South Africa (Pty) Ltd (9) (17)	South Africa
WongDoody Holding Company Inc. (WongDoody) (10)	US
WDW Communications, Inc (12)	US
WongDoody, Inc (12)	US
HIPUS Co., Ltd (20)	Japan
Stater N.V. (21)	The Netherlands
Stater Nederland B.V. (22)	The Netherlands
Stater Duitsland B.V. (22)	The Netherlands
Stater XXL B.V. (22)	The Netherlands
HypoCasso B.V. (22)	The Netherlands
Stater Participations B.V. (22)	The Netherlands
Stater Deutschland Verwaltungs-GmbH (23)	Germany
Stater Deutschland GmbH & Co. KG (23)	Germany
Stater Belgium N.V./S.A. (24)	Belgium

(1) Wholly-owned subsidiary of Infosys Limited

(2) Majority-owned and controlled subsidiary of Infosys Limited

(3) Liquidated effective November 17, 2019

(4) Wholly-owned subsidiary of Infosys BPM Limited
(5) Wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Wholly-owned subsidiary of Panaya Inc
(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(9) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(10) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
(11) Liquidated effective May 4, 2018
(12) Wholly-owned subsidiary of WongDoody
(13) Incorporated effective August 6, 2018
(14) On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
(15) Wholly-owned subsidiary of Fluido Oy
(16) On November 16, 2018, Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
(17) Incorporated effective December 19, 2018
(18) Incorporated effective November 29, 2018
(19) Incorporated effective November 27, 2018, wholly-owned subsidiary of Infosys Public Services Inc
(20) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd, Japan
(21) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V.
(22) Majority-owned and controlled subsidiary of Stater N.V.
(23) Majority-owned and controlled subsidiary of Stater Duitsland B.V.
(24) Majority-owned and controlled subsidiary of Stater Participations B.V.
(25) Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly-owned subsidiary of Infosys Limited
(26) Under liquidation

The details of amounts due to or due from related parties as at December 31, 2019 and December 31, 2018 are as follows:

in US$

Particulars	As at December 31,	
	2019	2018
Trade receivables		
Infosys Limited	832,453	1,169,500
	832,453	1,169,500
Unbilled revenue		
Infosys Limited	157,395	820
	157,395	820
Trade payables		
Skava Systems Pvt Ltd	5,339,113	4,237,210
	5,339,113	4,237,210
Borrowings (including interest accrued)	–	–
Infosys Public Services, Inc.	13,430,042	6,108,493
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	4,024,545	–
	17,454,587	6,108,493
Other financial liabilities		
Infosys Limited	231,129	162,987
	231,129	162,987
Accrued expenses		
Infosys Limited	1,142,617	1,515,994
	1,142,617	1,515,994

The details of the related parties transactions entered into by the Company, for the year ended December 31, 2019 and December 31, 2018 are as follows:

in US$

Particulars	Year ended December 31,	
	2019	2018
Revenue transactions:		
Purchase of services		
Infosys Limited	–	32,849
Skava Systems Pvt Ltd	7,297,289	7,759,185
	7,297,289	7,792,034
Sale of services		
Infosys Limited	3,165,323	5,589,477
	3,165,323	5,589,477

Particulars	Year ended December 31,	
	2019	2018
Finance cost		
Infosys Public services	321,550	108,493
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	24,544	–
	346,094	108,493

2.18 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 Ind AS 108 - 'Segment Reporting'.

2.19 Business transfer

On October 10, 2019, the Board of Directors of the Company have approved the business transfer of the Company to the Holding Company. The Company is in the process of executing the Business Transfer Agreement and related documents to transfer the business, subject to securing the requisite regulatory approvals for a consideration based on an independent valuation.

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

Amit Kalley
Director

Sourav Banerjee
Director

Place: Bengaluru
Date: June 1, 2020

Place: USA
Date: June 1, 2020

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Brilliant Basics Limited

Annual Report and Financial Statements, March 31, 2020

Company Information

Directors	A K Verma R K Singisetti S A Sorokin
Registered number	08011232
Registered office	The Bower 10th/11th Floor 207 211 Old Street London EC1V 9NR
Independent auditor	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor 16 Great Queen Street Covent Garden London WC2B 5AH

Director's Report

The directors present their report and the financial statements for the year ended March 31, 2020.

Directors

The directors who served during the year were:

A K 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.

A K Verma
Director

Date: June 2, 2020

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, 2020, which comprise the profit and loss account, the Balance Sheet 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, 2020 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 400, 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 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 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

Chartered Accountants
Statutory Auditor

16 Great Queen Street
Covent Garden
London
WC2B 5AH

Date: June 2, 2020

Profit and Loss Account

in £

Particulars	Note	For the years ended March 31	
		2020	2019
Turnover		11,623,497	9,836,927
Cost of sales		(7,634,318)	(5,845,104)
Gross profit		3,989,179	3,991,823
Administrative expenses		(2,837,512)	(3,801,179)
Other operating income		74,822	–
Operating profit		1,226,489	190,644
Interest payable and similar expenses		(1,074)	(10,232)
Profit before tax		1,225,415	180,412
Tax on profit		(194,441)	290,187
Profit for the financial year		1,030,974	470,599

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

Balance Sheet

in £

Particulars	Note	As at March 31,			
			2020		2019
Fixed assets					
Tangible assets	4		116,033		121,975
Current assets					
Debtors: amounts falling due within one year	5	1,216,572		2,076,350	
Cash at bank and in hand		1,111,161		763,181	
		2,327,733		2,839,531	
Creditors: amounts falling due within one year	6	(1,588,712)		(3,137,426)	
Net current assets/(liabilities)			739,021		(297,895)
Net assets/(liabilities)			855,054		(175,920)
Capital and reserves					
Called up share capital	7		100		100
Profit and loss account			854,954		(176,020)
Total equity			855,054		(175,920)

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006 and in accordance with Section 1A of Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

A K Verma
Director

Date: June 2, 2020

The notes on pages 405 to 409 form part of these financial statements.

1. General information

The Company is a private company limited by shares and is incorporated in England and Wales. The address of its registered office is The Bower 10th/11th Floor, 207 211 Old Street, London, EC1V 9NR.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland ('FRS 102') and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The directors have considered whether the Company has been affected by the economic impact and restrictions that have ensued following the World Health Organisation announcement on 11 March 2020 that COVID 19 represents an international pandemic. This is likely to have an adverse impact on the economy as a whole.

The directors have received confirmation from its ultimate parent undertaking and principal customer, Infosys Limited, that the existing business arrangement between the entities will continue ensuring that the Company will remain profitable. The consolidated financial statements of Infosys Limited for the year ended March 31, 2020 were approved on 20 April 2020. These consolidated accounts are publicly available from www.infosys.com. and show the group has significant liquid assets and reserves as at March 31, 2020 and have been prepared on a going concern basis.

Having considered post year end trading, financial results and cash reserves, and 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 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:

Short term leasehold property	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 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 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 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 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 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 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 Holiday pay accrual

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

2.14 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.

2.15 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortized on a straight line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

3. Employees

The average number of employees, including the directors, during the year was 92 (2019-65).

4. Tangible fixed assets

in £

Particulars	Short term leasehold property improvements	Fixtures and fittings	Office equipment	Computer equipment	Total
Cost					
At 1 April 2019	17,938	42,971	7,650	167,868	236,427
Additions	–	13,114	–	53,532	66,646
Disposals	(17,938)	–	–	–	(17,938)
At March 31, 2020	–	56,085	7,650	221,400	285,135
Depreciation					
At 1 April 2019	9,847	41,212	2,393	61,000	114,452
Charge	–	1,436	1,471	61,590	64,497
Disposals	(9,847)	–	–	–	(9,847)
At March 31, 2020	–	42,648	3,864	122,590	169,102
Net book value					
At March 31, 2020	–	13,437	3,786	98,810	116,033
At 31 March 2019	8,091	1,759	5,257	106,868	121,975

5. Debtors

in £

Particulars	As at March 31,	
	2020	2019
Trade debtors	150,879	312,048
Amounts owed by group undertakings	756,431	822,374
Other debtors	233,857	390,770
Prepayments and accrued income	49,353	260,971
Deferred taxation	26,052	290,187
	1,216,572	2,076,350

6. Creditors: amounts falling due within one year

in £

Particulars	As at March 31,	
	2020	2019
Trade creditors	298,045	477,341
Amounts owed to group undertakings	884,761	1,720,144
Other taxation and social security	135,441	192,803
Other creditors	129,083	163,975
Accruals and deferred income	141,382	583,163
	1,588,712	3,137,426

7. Share capital

in £

Particulars	As at March 31,	
	2020	2019
Shares classified as equity		
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

8. 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 £27,047 (2019: £19,406).

9. Commitments under operating leases

At March 31, 2020 the Company had future minimum lease payments under non cancellable operating leases as follows:

in £

Particulars	As at March 31,	
	2020	2019
Not later than 1 year	4,251	65,715
Later than 1 year and not later than 5 years	–	4,251
	4,251	69,966

10. 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.

11.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, Bangalore, 560 100, Karnataka, India. Group financial statements are available from www.infosys.com.

Detailed Profit and Loss Account

in £

Particulars	For the year ended 31st March	
	2020	2019
Turnover	11,623,497	9,836,927
Cost of sales	(7,634,318)	(5,845,104)
Gross profit	3,989,179	3,991,823
Other operating income	74,822	–
Less: overheads	–	–
Administration expenses	(2,837,512)	(3,801,179)
Operating profit	1,226,489	190,644
Interest payable	(1,074)	(10,232)
Profit before taxation	1,225,415	180,412

in £

Particulars	For the year ended 31st March	
	2020	2019
Turnover		
Provision of consultancy services	11,623,497	9,836,927

in £

Particulars	For the year ended 31st March	
	2020	2019
Cost of sales		
Direct staff and subcontractor costs	7,270,805	5,350,108
Travel and entertainment	357,765	457,036
Other direct costs	5,748	37,960
	7,634,318	5,845,104

in £

Particulars	For the year ended 31st March	
	2020	2019
Other operating income		
Sundry income	74,822	–

in £

Particulars	For the year ended 31st March	
	2020	2019
Administrative expenses		
Directors salaries	351,735	372,710
Directors pension cost	2,570	6,100
Staff salaries	1,088,075	1,798,489
Staff private health insurance	90,324	57,761
Employers' national insurance	155,884	201,701
Staff pension costs	29,922	29,574
Staff training	3,405	586
Motor running costs	5,953	8,029
Hotels, travel and subsistence	152,658	184,397
Printing and stationery	18,421	24,611
Postage	3,919	4,310
Telephone and fax	23,538	19,571
Computer costs	39,319	16,198
Advertising and promotion	67,024	60,687
Trade subscriptions	206,252	192,885
Legal and professional	116,620	93,254
Auditor's remuneration	12,000	12,000
Accountancy fees	19,063	16,217
Bank charges	8,264	16,132
Bad debts	–	79,075
Gains on foreign exchange	(832)	(18,973)

Particulars	For the year ended 31st March	
	2020	2019
Sundry expenses	48,516	30,688
Rent	313,764	494,031
Rates	524	21,642
Light and heat	183	907
Cleaning	4,474	3,004
Insurances	2,845	720
Repairs and maintenance	504	10,210
Depreciation	64,497	64,663
Loss on disposal of tangible assets	8,091	–
	2,837,512	3,801,179

in £

Particulars	For the year ended March 31,	
	2020	2019
Interest payable and similar expenses		
Bank loan interest payable	-	4,089
Other loan interest payable	1,074	6,143
	1,074	10,232

Infosys Consulting S.R.L (Argentina)

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 (registered in Argentina) ('the company'), which comprises the Balance Sheet as at 31st December 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 December 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, read with relevant rule issued there under

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Registration Number. 006673S

M Rathnakar Kamath
Partner
Membership Number. 202841.

UDIN : 20202841AAABSM8785

Place: Bengaluru.
Date: March 16, 2020

Balance Sheet

in ₹

Particulars	Note no.	As at December 31	
		2019	2018
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	64,91,276	4,11,344
Capital work-in-progress		-	97,14,095
Deferred tax assets (net)	2.13	2,31,97,052	-
Total non-current assets		2,96,88,328	1,01,25,439
Current assets			
Financial assets			
Trade receivables	2.3	7,59,98,381	6,53,18,027
Cash and cash equivalents	2.4	3,79,05,516	1,32,92,285
Loans	2.2	50,400	-
Other financial assets	2.2	1,22,11,451	2,26,05,638
Other current assets	2.5	2,99,52,555	90,08,217
Total current assets		15,61,18,303	11,02,24,167
Total assets		18,58,06,631	12,03,49,606
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.7	7,43,28,400	7,43,28,400
Other equity		(5,89,59,214)	(11,02,54,468)
Total equity		1,53,69,186	(3,59,26,068)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	2.8	2,80,32,503	4,06,98,271
Deferred tax liabilities (net)	2.15	2,32,255	-
Total non-current liabilities		2,82,64,758	4,06,98,271
Current liabilities			
Financial liabilities			
Trade payables	2.9	7,02,75,283	7,79,27,788
Other financial liabilities	2.10	1,89,59,350	2,18,92,101
	2.11	5,07,89,967	1,17,86,013
Provisions	2.12	1,78,982	3,88,827
Income tax liabilities, net	2.13	19,69,105	35,82,674
Total current liabilities		14,21,72,687	11,55,77,403
Total equity and liabilities		18,58,06,631	12,03,49,606

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
March 16, 2020

Statement of Profit and Loss

in ₹, except equity share and per equity share data

Particulars	Note	Year ended December 31	
		2019	2018
Revenue from operations	2.14	21,45,51,124	18,17,72,183
Total income		21,45,51,124	18,17,72,183
Expenses			
Employee benefit expenses	2.15	10,94,00,624	10,94,73,356
Cost of technical sub-contractors		59,31,232	1,11,35,006
Travel expenses		41,28,698	1,77,08,723
Communication expenses		8,50,453	9,31,135
Consultancy and professional charges		1,08,75,456	1,22,21,484
Depreciation expense	2.1	42,25,701	3,07,777
Other expenses	2.15	6,27,95,563	6,56,35,388
Total expenses		19,82,07,727	21,74,12,869
Profit/(loss) before tax		1,63,43,397	(3,56,40,686)
Tax expense			
Current tax	2.13	2,10,54,491	1,51,80,416
Deferred tax	2.13	(2,89,16,371)	-
Profit/(Loss) for the year		2,42,05,277	(5,08,21,102)
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		96,09,976	1,92,58,198
Total other comprehensive income/(loss), net of tax		96,09,976	1,92,58,198
Total comprehensive income/(loss) for the year		3,38,15,253	(3,15,62,904)
Earnings per equity share			
Equity shares of par value ARS 100 each			
Basic and diluted (₹)		273.20	(573.60)
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
March 16, 2020

Statements of Cash Flows

in ₹

Particulars	Note No.	Year ended December 31	
		2019	2018
Cash flows from operating activities			
Profit/(Loss) for the year		2,42,05,277	(5,08,21,102)
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation expense		42,25,701	3,07,777
Income tax expense		(78,61,880)	1,51,80,416
Impairment loss recognized / (reversed) under expected credit loss model		(1,94,006)	72,800
Finance Cost		19,44,612	8,62,596
Provision for post-sales client support and warranties		(1,70,602)	16,41,397
Exchange differences on translation of assets and liabilities		1,80,31,305	1,81,89,652
Changes in assets and liabilities			
Trade receivables and unbilled revenue		(1,04,86,348)	(2,06,04,092)
Other financial assets and other assets		(1,05,50,151)	(40,89,291)
Trade payables		(76,52,505)	2,71,02,423
Other financial liabilities, other liabilities and provisions		3,60,71,203	(1,75,34,058)
Cash generated from operations		4,75,62,606	2,96,91,482
Income taxes (paid)/refunded	2.14	(2,26,68,060)	(35,28,992)
Net cash from operating activities		2,48,94,546	(3,32,20,474)
Cash flow from investing activities			
Expenditure on property, plant and equipment		(31,00,535)	(1,02,74,146)
Loans to employees		(50,400)	-
Net cash used in investing activities		(31,50,935)	(1,02,74,146)
Cash flow from financing activities			
Capital Infusion- Capital Reserves		1,74,80,000	-
Loan taken from/(repaid to) parent company		(1,26,65,768)	2,54,04,041
Finance Cost		(19,44,612)	-
Net cash from financing activities		28,69,620	2,54,04,041
Net increase/(decrease) in cash and cash equivalents		2,46,13,231	(1,80,90,579)
Cash and cash equivalents at the beginning of the year		1,32,92,285	3,13,82,864
Cash and cash equivalents at the end of the year		3,79,05,516	1,32,92,285

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

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number:006673S

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
March 16, 2020

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, 2018	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)
Changes in equity for the year ended December 31, 2019				
Capital Reserves	-	1,74,80,000	-	1,74,80,000
Exchange differences on translation	-	-	96,09,976	96,09,976
Profit for the year	-	2,42,05,277	-	2,42,05,277
Balance as of December 31, 2019	7,43,28,400	(6,99,47,307)	1,09,88,092	1,53,69,185

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
March 16, 2020

2.1 Property, Plant and equipment

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

in ₹

Particulars	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvement	Total
Gross carrying value as of January 1, 2019	-	35,546	15,46,435	4,01,583	-	19,83,564
Additions	28,806	1,63,945	5,78,875	19,95,770	1,00,47,234	1,28,14,630
Deletions	-	-	-	-	-	-
Translation difference	(7,134)	(52,702)	(6,93,421)	(6,30,625)	(24,64,416)	(38,48,298)
Gross carrying value as of December 31, 2019	21,672	1,46,789	14,31,889	17,66,728	75,82,818	1,09,49,896
Accumulated depreciation as of January 1, 2019	-	(17,393)	(11,81,702)	(3,73,125)	-	(15,72,220)
Depreciation	(3,466)	(37,302)	(2,35,602)	(4,32,238)	(35,17,093)	(42,25,701)
Translation difference	446	13,099	4,56,705	2,16,274	6,52,777	13,39,301
Accumulated depreciation as of December 31, 2019	(3,020)	(41,596)	(9,60,599)	(5,89,089)	(28,64,316)	(44,58,620)
Carrying value as of December 31, 2019	18,652	1,05,193	4,71,290	11,77,639	47,18,502	64,91,276
Carrying value as of January 1, 2019	-	18,153	364,733	28,458	-	4,11,344

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	Leasehold Improvements.	Total
Gross carrying value as of January 1, 2018	-	64,175	20,81,740	7,25,020	-	28,70,935
Additions/ Adjustments	-	-	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

Company overview

Infosys Consulting S.R.L. (registered in Argentina) 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.

1.1 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

The Company derives revenues primarily from consultancy services.

Effective Jan 1, 2019, 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 January 1, 2019. 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 for software related services are either on a fixed-timeframe or on a time-and-material basis.

1.5.1 Time & 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.

1.5.2 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.

1.5.3 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).

1.5.5 Volume Discounts

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.

1.5.6 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.

1.5.7 Tax

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

1.6 Provisions

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

1.7 Post-sales client support

The Company provides its clients with a fixed-period warranty for corrections of errors and 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 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 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. 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 (January 1, 2020). The effect of adoption is not expected to material for the company's financial statements

2.2 Loans

in ₹

Particulars	As at December 31	
	2019	2018
Current		
Loans to employees	50,400	-
Total current loans	50,400	-

2.2 Other financial assets

in ₹

Particulars	As at December 31	
	2019	2018
Current		
Security deposits [1]	15,25,524	9,68,717
Unbilled Revenues[1]	99,51,814	2,14,02,827
Rental deposits [1]	12,000	2,12,474
Others [1]	7,22,113	21,620
Total current other financial assets	1,22,11,451	2,26,05,638
[1] Financial assets carried at amortized cost	1,22,11,451	2,26,05,638

2.3 Trade receivables

in ₹

Particulars	As at December 31	
	2019	2018
Current		
Unsecured		
Considered good [1]	7,59,98,381	6,53,18,027
Considered doubtful	(13,009)	1,19,283
	7,59,85,372	6,54,37,310
Less: Allowances for credit losses	13,009	(1,19,283)
Total trade receivables	7,59,98,381	6,53,18,027
[1] Includes dues from related parties (Refer to Note No.2.17)	2,08,41,312	1,21,79,760

2.4 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2019	2018
Balances with banks		
In current and deposit accounts	3,78,91,354	1,31,97,419
Cash on hand	14,162	94,866
Total Cash and Cash equivalents	3,79,05,516	1,32,92,285

2.5 Other assets

in ₹

Particulars	As at December 31	
	2019	2018
Current		
Others		
Prepaid expenses	-	7,23,484
Unbilled Revenues	31,18,261	-
Withholding taxes and others	2,68,34,294	82,84,733
Total current other assets	2,99,52,555	90,08,217

2.6 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of December 31, 2019 and December 31, 2018 were as follows:

in ₹

Particulars	As at December 31	
	2019	2018
Assets		
Cash and cash equivalents (Refer to Note No. 2.4)	3,79,05,516	1,32,92,285
Trade receivables (Refer to Note No. 2.3)	7,59,98,381	6,53,18,027
Other financial assets (Refer to Note No.2.2)	1,22,11,451	2,26,05,638
Total	12,61,65,748	10,12,15,950

Particulars	As at December 31	
	2019	2018
Liabilities		
Trade payables (Refer to Note No. 2.9)	7,02,75,283	7,79,27,788
Borrowings (Refer to Note 2.8)	2,80,32,503	4,06,98,271
Other financial liabilities (Refer to Note No.2.10)	1,04,26,723	1,51,91,493
Total	10,87,34,509	13,38,17,552

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 ₹ 7,59,98,381 and ₹ 6,53,18,027 as of December 31, 2019 and December 31, 2018, respectively and unbilled revenue amounting to ₹ 1,30,70,075 and ₹ 2,14,02,827 as of December 31, 2019 and December 31, 2018, 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, 2019 was -₹194,006 and reversal for year ended December 31, 2018 was ₹ 72,800 respectively.

in ₹

Particulars	Year ended December 31,	
	2019	2018
Balance at the beginning	1,19,283	1,35,962
Impairment loss recognized / reversed	(1,94,006)	72,800
Translation differences	61,714	(89,479)
Balance at the end	(13,009)	1,19,283

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, 2019, the Company had a working capital of ₹ 1,39,45,616 including cash and cash equivalents of ₹ 3,79,05,516. As of December 31, 2018, the Company had a negative working capital of ₹ 53,53,236 including cash and cash equivalents of ₹ 1,32,92,285

As of December 31, 2019 and December 31, 2018, the outstanding compensated absences were ₹ 85,32,627 and ₹ 67,00,608 respectively.

2.7 Equity

Equity share capital

in ₹, exceptas otherwise stated

Particulars	As at December 31,	
	2019	2018
Authorized		
88,600 equity shares of ARS 100 par value	7,43,28,400	7,43,28,400
Issued, Subscribed and Paid-Up		
88,600 equity shares of ARS 100 par value (Of the above, 83,098 equity shares are held by the holding company, Infosys Consulting Holding AG (Formerly Lodestone Holding AG)) (Of the above, 5,502 equity shares are held by the fellow subsidiary, Infosys Consulting AG.)	7,43,28,400	7,43,28,400
	7,43,28,400	7,43,28,400

The details of shareholders holding more than 5% shares as at December 31, 2019 and December 31, 2018 are as follows :

in ₹, exceptas otherwise stated

Name of the shareholder	As at December 31, 2019		As at December 31, 2018	
	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 change in the number of shares during the above mentioned reporting periods.

2.8 Borrowings

in ₹

Particulars	As at December 31,	
	2019	2018
Current		
Unsecured Loan from Parent Company(refer to note 2.17)	2,80,32,503	4,06,98,271
Total current borrowings	2,80,32,503	4,06,98,271

2.9 Trade payables

in ₹

Particulars	As at December 31, 2019	As at December 31, 2018
Trade payables *	7,02,75,283	7,79,27,788
Total trade payables	7,02,75,283	7,79,27,788
*Includes dues to related parties (Refer to Note No.2.17)	6,86,05,296	7,60,89,946

2.10 Other financial liabilities

in ₹

Particulars	As at December 31, 2019	As at December 31, 2018
Current		
Others		
Accrued compensation to employees	61,10,557	44,81,338
Accrued expenses [(1)]	15,18,877	78,45,526
Compensated absences	85,32,627	67,00,608
Other payables [(2)]	27,97,289	28,64,629
Total current other financial liabilities	1,89,59,350	2,18,92,101
Financial liability carried at amortized cost	1,04,26,723	1,51,91,493
[(2)] Includes dues to related parties (Refer to Note No.2.17)	26,20,661	27,10,653

2.11 Other liabilities

in ₹

Particulars	As at December 31, 2019	As at December 31, 2018
Current		
Unearned revenue	2,12,52,678	14,43,780
Others		
Withholding taxes and others	2,95,03,094	1,03,42,233
Other Payables	34,195	-
	5,07,89,967	1,17,86,013
Total current other liabilities	5,07,89,967	1,17,86,013

2.12 Provisions

in ₹

Particulars	As at December 31, 2019	As at December 31, 2018
Current		
Others		
Post-sales client support	1,78,982	3,88,827
Total current Provisions	1,78,982	3,88,827

Provision for post-sales client support

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

in ₹

Particulars	Year ended December 31 2019	Year ended December 31 2018
Balance at the beginning	3,88,827	24,161
Provision recognized / (reversed)	(1,70,602)	16,41,397
Exchange difference	(39,243)	(12,76,731)
Balance at the end	1,78,982	3,88,827

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

2.13 Income Taxes

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

in ₹

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Current taxes	2,10,54,491	1,51,80,416
Deferred taxes	(2,89,16,371)	-
Income tax expense	(78,61,880)	1,51,80,416

Current tax expense for the years ended December 31, 2019 and December 31, 2018 includes provisions (net of reversals) amounting to ₹72,74,477 and ₹31,21,631 respectively, pertaining to prior periods.

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

in ₹

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Profit/(Loss) before income tax	1,63,43,397	(3,56,40,686)
Enacted tax rates in Argentina (%)	30.00%	30.00%
Computed expected tax expense	49,03,019	(1,06,92,206)
Tax provisions/ (reversals)	72,74,477	31,21,631
Effect of unrecognized deferred tax assets	(1,68,38,293)	2,19,81,899
Effect of non-deductible expenses	72,923	52,35,518
Others	(32,74,006)	(44,66,426)
Income tax expense	(78,61,880)	1,51,80,416

The applicable Argentina statutory tax rate for year ended December 31, 2019 and December 31, 2018 is 30%.

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

in ₹

	Year ended December 31,	
	2019	2018
Income tax assets	-	-
Current income tax liabilities	19,69,105	35,82,674
Net current income tax assets / (liability) at the end	(19,69,105)	(35,82,674)

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

in ₹

Particulars	Year ended December 31,	
	2019	2018
Net current income tax asset / (liability) at the beginning	(35,82,674)	80,68,750
Income tax paid	2,26,68,060	35,28,992
Current income tax expense (Refer to Note No.2.13)	(2,10,54,491)	(1,51,80,416)
Net current income tax asset / (liability) at the end	(19,69,105)	(35,82,674)

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,	
	2019	2018
Deferred income tax assets		
Accrued compensation to employees	18,33,167	-
Trade receivables	(3,903)	-
Others	2,13,67,787	-
Total deferred income tax assets	2,31,97,051	-
Deferred income tax liabilities		
Others	2,32,255	-
Total deferred income tax liabilities	2,32,255	-
Deferred income tax assets after set off	2,29,64,796	-

The gross movement in the deferred income tax account for the year(s) ended December 31, 2019 and December 31, 2018, are (is) as follows:

in ₹

Particular	As at December 31,	
	2019	2018
Net deferred income tax asset at the beginning	-	-
Translation differences	(59,51,575)	-
Credits / (charge) relating to temporary differences	2,89,16,371	-
Net deferred income tax asset at the end	2,29,64,796	-

The charge relating to temporary differences during the year ended December 31, 2019 are primarily on account of property, plant and equipment, accrued compensation and compensated absences partially offset by trade receivables. The credits relating to temporary differences during the year ended December 31, 2018 are primarily on account of accrued compensation to employees and compensated absences partially offset by reversal of credits pertaining to property plant and equipment and trade receivables.

2.14 Revenue from operations

in ₹

Particulars	Year ended December 31,	
	2019	2018
Income from consultancy services	21,45,51,124	18,17,72,183
Total revenue from operations	21,45,51,124	18,17,72,183

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers by offerings for the year ended December 31, 2019. 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 ₹

Particulars	Year ended December 31, 2019
Revenue by offerings	
Core	21,38,26,766
Digital	7,24,358
Total	21,45,51,124

Digital Services

Digital Services comprise of service and solution offerings of the Company that enable our clients to transform their businesses. These include offerings that enhance customer experience, leverage AI-based analytics and big data, engineer digital products and IoT, modernize legacy technology systems, migrate to cloud applications and implement advanced cyber security systems.

Core Services

Core Services comprise traditional offerings of the Company that have scaled and industrialized over a number of years. These primarily include application management services, proprietary application development services, independent validation solutions, product engineering and management, infrastructure management services, traditional enterprise application implementation, support and integration services.

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 (contract asset) 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.

During the year ended December 31, 2019 , the Company recognized revenue of ₹14,43,780 arising from opening unearned revenue as of January 1, 2019.

During the year ended December 31, 2019 , ₹ 81,37,386 of unbilled revenue pertaining to fixed price development contracts as of January 1, 2019 has been reclassified to Trade receivables upon billing to customers on completion of milestones.

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 at December 31, 2019, other than those meeting the exclusion criteria mentioned above, is ₹5,07,39,667 . Out of this, the Company expects to recognize revenue of around 100% within the next one year and the remaining thereafter. The contracts can generally be terminated by the customers and typically includes an enforceable termination penalty payable by them.

The impact on account of applying the erstwhile Ind AS 18 Revenue standard instead of Ind AS 115 Revenue from contract with customers on the financials results of the Group for the year ended December 31, 2019 is insignificant.

On account of adoption of Ind AS 115, unbilled revenues of ₹ 31,18,261 as at December 31, 2019 has been considered as a Non-financial asset.

2.15 Expenses

in ₹

Particulars	Year ended December 31,	
	2019	2018
Employee benefit expenses		
Salaries including bonus	10,88,80,675	10,93,19,519
Staff welfare	5,19,949	1,53,837
Total employee benefit expenses	10,94,00,624	10,94,73,356

in ₹

Particulars	Year ended December 31,	
	2019	2018
Other expenses		
Brand and marketing	65,806	1,95,914
Operating lease payments	1,11,98,066	1,53,33,719
Rates and taxes	1,36,75,681	46,20,654
Repairs and maintenance	5,10,560	2,78,383
Insurance	32,34,316	21,51,531
Provision/(Reversal) for post-sales client support and warranties	(1,70,602)	16,41,397
Allowances for credit losses on financial assets (reversals)	(1,94,006)	72,800
Finance cost	19,44,612	8,62,596
Bank charges	22,56,576	24,10,660
Others	3,02,74,554	3,80,67,734
Total other expenses	6,27,95,563	6,56,35,388

2.16 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period are as follows :

in ₹

Particulars	Year ended December 31,	
	2019	2018
Lease rentals recognized during the year	1,11,98,066	1,53,33,719

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,	
	2019	2018
Not later than 1 year	98,43,253	80,17,722
Later than 1 year and not later than 5 years	73,82,440	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.

2.17 Related party transactions

List of holding companies:

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

List of related parties:

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 (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)[25]	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	Chile
Infosys Arabia Limited[2]	Saudi Arabia
Infosys Consulting Ltda.[2]	Brazil
Infosys CIS LLC[1][18]	Russia
Infosys Luxembourg S.a.r.l [1][13]	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)[3]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc[19]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o.[4]	Czech Republic
Infosys Poland Sp z.o.o[4]	Poland
Infosys McCamish Systems LLC [4]	US
Portland Group Pty Ltd[4]	Australia
Infosys BPO Americas LLC.[4]	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc.[5][11]	US
Infosys Management Consulting Pty Limited[5]	Australia
Infosys Consulting AG[5]	Switzerland
Infosys Consulting GmbH[5]	Germany
Infosys Consulting S.R.L.[1]	Romania
Infosys Consulting SAS[5]	France
Infosys Consulting s.r.o.[5]	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd.(formerly Lodestone Management Consultants Co., Ltd)[5]	China
Infy Consulting Company Ltd[5]	UK
Infy Consulting B.V.[5]	The Netherlands
Infosys Consulting Sp. z.o.o[5]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [5]	Portugal
Infosys Consulting S.R.L.[5]	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)[6]	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd.[7]	Israel
Panaya GmbH[7]	Germany
Panaya Japan Co. Ltd[26][7]	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited[8]	UK
Brilliant Basics (MENA) DMCC[8][26]	UAE
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[9]	UAE
Fluido Oy[9][14]	Finland
Fluido Sweden AB (Extero)[15]	Sweden

Name of subsidiary companies	Country
Fluido Norway A/S[15]	Norway
Fluido Denmark A/S[15]	Denmark
Fluido Slovakia s.r.o[15]	Slovakia
Fluido Newco AB[15]	Sweden
Infosys Compaz Pte. Ltd (formerly Trusted Source Pte. Ltd) [16]	Singapore
Infosys South Africa (Pty) Ltd[9][17]	South Africa
WongDoody Holding Company Inc. (WongDoody) [10]	US
WDW Communications, Inc[12]	US
WongDoody, Inc[12]	US
HIPUS[20]	Japan
Stater N.V.[21]	The Netherlands
Stater Nederland B.V.[22]	The Netherlands
Stater Duitsland B.V.[22]	The Netherlands
Stater XXL B.V.[22]	The Netherlands
HypoCasso B.V.[22]	The Netherlands
Stater Participations B.V.[22]	The Netherlands
Stater Deutschland Verwaltungs-GmbH[23]	Germany
Stater Deutschland GmbH & Co. KG[23]	Germany
Stater Belgium N.V./S.A.[24]	Belgium

(1) Wholly-owned subsidiary of Infosys Limited
(2) Majority-owned and controlled subsidiary of Infosys Limited
(3) Liquidated effective November 17, 2019
(4) Wholly-owned subsidiary of Infosys BPM Limited
(5) Wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Wholly-owned subsidiary of Panaya Inc.
(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(9) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(10) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
(11) Liquidated effective May 4, 2018
(12) Wholly-owned subsidiary of WongDoody
(13) Incorporated effective August 6, 2018
(14)On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
(15)Wholly-owned subsidiary of Fluido Oy
(16)On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
(17) Incorporated effective December 19,2018
(18)Incorporated effective November 29, 2018
(19)Incorporated effective November 27, 2018, wholly owned subsidiary Infosys Public Services Inc
(20)On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd, Japan
(21)On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V.
(22)Majority-owned and controlled subsidiaries of Stater N.V.
(23)Majority-owned and controlled subsidiaries of Stater Duitsland B.V.
(24)Majority-owned and controlled subsidiaries of Stater Participations B.V.
(25)Effective October 1, 2019, merged into Infosys Consulting Ltda, a majority owned and controlled subsidiary of Infosys Limited
(26)Under Liquidation

The details of amounts due to or due from related parties as at December 31, 2019 and December 31, 2018 are as follows :

in ₹

Particulars	As at December 31,	
	2019	2018
Trade receivables		
Infosys Technologia DO Brasil LTDA	-	73,89,802
Infy Consulting Company Limited	66,98,191	7,48,035
Infosys Consulting Ltda	1,41,43,121	21,34,618
Infosys Consulting AG	-	19,07,305
	2,08,41,312	1,21,79,760
Borrowings		
Infosys Consulting Holding AG	2,80,32,503	4,06,98,271
	2,80,32,503	4,06,98,271
Trade payables		
Infosys Consulting Ltda.	2,549	2,699
Infosys Consulting AG	1,20,44,649	84,83,625
Infosys Consulting GmbH	1,34,887	1,34,702
Infosys Technologies S. de R. L. de C. V.	69,42,281	66,60,837
Infy Consulting B.V	3,33,316	-
Infy Consulting Company Limited	4,91,47,614	6,08,08,083
	6,86,05,296	7,60,89,946
Other Financial Liabilities		
Infosys Consulting AG	5,40,275	7,19,376
Infosys Consulting Holding AG	41,774	40,139
Infy Consulting B.V.	82,153	82,040
Infosys Limited	19,56,459	18,69,098
	26,20,661	27,10,653

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

in ₹

Particulars	For the year ended December 31,	
	2019	2018
Capital transactions		
Financing transactions		
Borrowings (net of repayment)		
Infosys Consulting Holding AG[1]	(1,26,65,768)	2,62,66,637
	(1,26,65,768)	2,62,66,637
Revenue transactions		
Purchase of services, shared facilities and personnel		
Infosys Consulting AG	31,30,771	27,80,388
Infosys Consulting GmbH	-	1,33,242
Infy Consulting B.V.	3,28,656	81,927
Infosys Consulting Holding AG	-	40,122
Infy Consulting Company Limited	2,70,157	61,96,837
	37,29,584	92,32,516
Sale of services		
Infosys Technologia DO Brasil LTDA	4,41,235	48,11,515
Infosys Consulting AG	1,56,48,663	4,75,13,353
Infosys Consulting Ltda.	89,34,872	34,48,877
Infy Consulting Company Limited	65,78,764	32,80,481
	3,16,03,534	5,90,54,226

[1] Includes interest.

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.

Portland Group Pty. Ltd.

Independent Auditor's Report to the Board of Directors

Opinion

We have audited the financial report of Portland Group Pty Ltd (the "Company") which comprises the statement of financial position as at March 31, 2020, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company financial position as at March 31, 2020 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, 2020, 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 judgment and maintain professional skepticism 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, 15 May 2020

Directors' report

For the year ended March 31, 2020

The directors present their report together with the financial report of Portland Group Pty. Ltd. ('the Company'), for the financial year ended March 31, 2020 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 and resale of software.

There were no 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, 2020 amounted to \$ 1,119,335 (2019: profit after tax of \$ 1,548,491). This was primarily a result of decrease of revenue from \$ 28,111,982 for the year ended March 31, 2019 to \$ 20,634,925 for the year ended March 31, 2020.

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 forms part of the directors' report for the financial year ended March 31, 2020

10. Estimation of uncertainties relating to the global pandemic COVID-19 (COVID-19)

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables and unbilled revenues. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information and related information, and economic forecasts. The Company expects to recover the carrying amount of these assets and will continue to closely monitor any material changes to future economic conditions.

The Directors are not aware of any other matter or circumstance that has occurred since the end of the financial period that has significantly affected or may affect the operations of the company, the results of those operations or the state of affairs of the Company in subsequent financial years.

This report is made with a resolution of the directors:

Andrew Jarvis

Managing Director and Chief Executive officer

Dated at Sydney this 13th day of May 2020

Statement of financial position

In Australian dollars

Particulars	Note	As at March 31,	
		2020	2019
Assets			
Current assets			
Cash and cash equivalents	12a	28,229,346	25,819,060
Trade and other receivables	10	9,508,458	7,536,093
Other current assets	12c	25,771	39,610
Prepayments	11	1,899,737	433,348
Total current assets		39,663,312	33,828,111
Non-current assets			
Deferred tax assets	16a	537,910	3,712,014
Property, plant and equipment	13	149,496	134,089
Right-of-use assets	19	705,342	–
Other receivables	10	–	4,869,603
Prepayments	11	251,940	628,310
Total non-current assets		1,644,688	9,344,016
Total assets		41,308,000	43,172,127
Liabilities			
Current liabilities			
Trade and other payables	14	1,578,202	1,358,687
Lease liabilities	19	430,792	–
Other current liabilities	15	8,478,289	4,700,176
Current tax liabilities		396,579	3,560,516
Provisions	17	74,930	190,460
Employee benefit obligations	18	3,023,373	2,117,421
Total current liabilities		13,982,165	11,927,260
Non-current liabilities			
Lease liabilities	19	411,694	–
Employee benefit obligations	18	602,220	519,103
Other non-current liabilities	15	1,922,100	7,376,380
Total non-current liabilities		2,936,014	7,895,483
Total liabilities		16,918,179	19,822,743
Net assets		24,389,821	23,349,384
Equity			
Share capital	25a	3,389,049	3,389,049
Retained earnings		21,000,772	19,960,335
Total equity		24,389,821	23,349,384
Non-controlling interests		–	–
Total equity		24,389,821	23,349,384
Total liabilities and equity		41,308,000	43,172,127

The accompanying notes form an integral part of the financial statements

Statement of Profit or Loss and other comprehensive income

In Australian dollars

Particulars	Note	For the year ended March 31,	
		2020	2019
Revenue	5	20,634,925	28,111,982
Cost of sales	6	(17,620,378)	(24,696,787)
Gross profit		3,014,547	3,415,195
Selling and distribution expenses		(27,278)	(8,567)
Administrative expenses		(1,584,246)	(1,472,605)
Operating profit		1,403,023	1,934,023
Finance income	7	282,473	307,352
Finance costs	19	(32,187)	–
Net finance income		250,286	307,352
Profit before tax		1,653,309	2,241,375
Income tax expense	16b & c	(533,974)	(692,884)
Profit after tax		1,119,335	1,548,491
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		1,119,335	1,548,491

The accompanying notes form an integral part of the financial statements

Statement of changes in equity

In Australian dollars

Particulars	Share capital	Retained earnings	Total equity
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
Balance as on April 1, 2019	3,389,049	19,960,335	23,349,384
Impact on account of adoption of AASB 116	–	(78,898)	(78,898)
Balance as on April 1, 2019 (Restated)	3,389,049	19,881,437	23,270,486
Profit for the year	–	1,119,335	1,119,335
Total comprehensive income	3,389,049	21,000,772	24,389,821
Transactions with owners of the Company			
Issue of ordinary shares	–	–	–
Dividends	–	–	–
Total transactions with owners of the Company	–	–	–
Balance at March 31, 2020	3,389,049	21,000,772	24,389,821

The accompanying notes form an integral part of the financial statements

Statement of Cash Flows

In Australian dollars

Particulars	Note	For the year ended March 31,	
		2020	2019
Cash flows from operating activities			
Cash receipts from customers		20,726,053	26,088,359
Cash paid to suppliers and employees		(12,035,561)	(22,607,792)
Cash generated from operations		8,690,492	3,480,567
Redemption of fixed deposits against bank guarantees		–	500,000
Interest received		250,348	342,226
Net Income taxes and GST received / (paid)		(5,761,403)	640,462
Net cash from operating activities	12b	3,179,437	4,963,255
Cash flows from Investing activities			
Purchase of plant equipment	13	(105,760)	(18,198)
Net cash used in investing activities		(105,760)	(18,198)
Cash flows from financing activities:			
Payment of lease liability		(663,391)	–
Net cash used in financing activities		(663,391)	–
Net increase / (decrease) in cash and cash equivalents		2,410,286	4,945,057
Cash and cash equivalents at April 1		25,819,060	20,874,003
Cash and cash equivalents as at March 31	12a	28,229,346	25,819,060

The accompanying notes form an integral part of the financial statements

1. Reporting entity

Portland Group Pty. Ltd. ("the Company") is a company domiciled in Australia. The Company's registered office and principal place of business is Level 8, 68 Pitt Street, Sydney NSW 2000, Australia. The parent of the Company is Infosys BPO Ltd. India and the ultimate parent is Infosys Limited, India. The Company is a for–profit entity and is primarily 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 a 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 13th day of May 2020

(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 judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

(e) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ending March 31, 2020 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.
- AASB 16 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts (Refer to Note no. 19).
- The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, and unbilled revenues. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information and related information, and economic forecasts. The Company expects to recover the carrying amount of these assets and will continue to closely monitor any material changes to future economic conditions.

3. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

(a) Revenue

The Company's main source of income is from provision of sourcing and category management service, project-based consultancy support and ongoing management services. The entity recognizes revenue using the output method i.e. right to invoicing based on the consultants being provided and costs being incurred as per 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.

Uncertainty

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 judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(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	2020
Plant and machinery	5 years
Computer equipment	3-5 years
Furniture and fixtures	5 years

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

(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) Other current assets

Other current assets include rental deposits made to lease vendors as per lease agreement and Interest accrued but not due on fixed deposits made to bank. Once the interest amount is received, the asset account is decreased.

(j) Prepayments

Prepaid expenses are future expenses that are paid in advance and hence recognized initially as an asset. As the benefits of the expenses are recognized, the related asset account is decreased and expensed

(k) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. 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.

(l) Other current and non-current liabilities

Other current and non-current liabilities consist of accrued expenses and deferred revenue relating to contract revenue majorly. Other liabilities are classified as current if payment is due within 12 months.

(m) Provisions

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

Post-sales client support

A provision for post sales client support is recognized when the underlying services are sold, based on historical post sales client support data and a weighting of all possible outcomes against their associated probabilities.

(n) 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.

(o) 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.

(p) Leases

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contact involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate 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 as Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition

Effective from April 1, 2019, the Company adopted AASB 16 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the ROU asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our annual financial statements for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of ROU asset of AUD $1,147,929 and a lease liability of $1,473,690. Further, upon transition, the Company reclassified leasehold land previously accounted as finance lease under "Property, plant and equipment" to ROU asset and deferred rent accounted under "Other liabilities" to retained earnings. The cumulative effect of applying the standard of $78 ,898 was adjusted in retained earnings, net of taxes. AASB 16 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, AASB 16 is applied only to contracts that were previously identified as leases under AASB 17.

The difference between the lease obligation recorded as of March 31, 2019 under AASB 17 disclosed under Note 19 of the 2019 annual financial statements and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with AASB 16.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 2.8%

(q) 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.

(r) 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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended March 31, 2020. The Company has not yet assessed any material impact of these the new or amended Accounting Standards and Interpretations.

Standards in issue but not yet effective

new or revised requirement	When effective
AASB 2018-7 Amendment to Australian Accounting Standards - Definition of Materia	Effective for annual periods beginning on or after 1 April 2020
AASB 2018-7 Amendment to Australian Accounting Standards - References to the Conceptual Framework	Effective for annual periods beginning on or after 1 April 2020

5. Revenue

In Australian dollars

Particulars	Year ended March 31,	
	2020	2019
Related party revenue	5,039,913	4,280,939
Third party revenue	15,595,012	23,831,043
	20,634,925	28,111,982

At March 31, 2020 the Company has deferred revenue of $1,642,447 (2019: $66,745), which represents the fair value of that portion of the revenue and the Company has unbilled revenue of $ 6,241,154 (2019: $9,927,206).

Disaggregate 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

In Australian dollars

Particulars	Year ended March 31,	
	2020	2019
Fixed price	12,750,795	20,156,361
Time and materials	7,884,130	7,955,621
Total	20,634,925	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 receivables and unbilled revenues are presented net of impairment in the Balance Sheet.

6. Cost of sales

In Australian dollars

Particulars	Year ended March 31,	
	2020	2019
Travel	926,385	874,320
Employee benefit expense	11,967,812	10,814,436
Cost of third party software	2,436,259	11,139,397
External contractor expense and others	2,289,922	1,868,634
	17,620,378	24,696,787

7. Finance Income

In Australian dollars

Particulars	Year ended March 31,	
	2020	2019
Interest income from deposits with banks	227,170	297,496
Other miscellaneous income	55,303	9,856
	282,473	307,352

8. Auditors' remuneration

In Australian dollars

Particulars	Year ended March 31,	
	2020	2019
Fees paid to auditors of the Company		
Audit of financial statements		
Audit of financial statements – Deloitte Touché Tohmatsu	21,000	21,000
	21,000	21,000

9. Expenses by nature

In Australian dollars

Particulars	Year ended March 31, 2020	2019
Depreciation	90,352	67,063
Employee benefits	12,683,012	11,558,811
Rental expenses	1,339	510,905
Amortization on ROU assets	442,587	–
Interest expenses on leases liability	32,187	–

10. Trade and other receivables

In Australian dollars

Particulars	As at March 31, 2020	2019
Current		
Trade receivables	2,822,434	2,292,877
Unbilled revenue	6,095,004	5,057,603
	8,917,438	7,350,480
Amounts due from related party (Trade receivables, other receivables and unbilled revenue - Note 23)	591,020	185,613
	9,508,458	7,536,093
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, impairment in trade receivables amounting to AUD 138,964 and AUD 138,365 exist as on March 31, 2020 and March 31, 2019 respectively. Also, an exposure to credit risk from trade receivables and unbilled revenue amounting to AUD 80,916 and AUD 14,436 exist as on March 31, 2020 and March 31, 2019 respectively.

11. Prepayments

In Australian dollars

Particulars	As at March 31, 2020	2019
Current		
Prepaid expenses	1,875,867	421,559
Loans and advances to employees	23,870	11,789
	1,899,737	433,348
Non-current		
Prepaid expenses	251,940	628,310
	251,940	628,310

12 Cash and cash equivalents

12.a Cash and cash equivalents

In Australian dollars

Particulars	As at March 31, 2020	2019
Cash at Bank	28,229,346	25,819,060
	28,229,346	25,819,060

12.b Cash flows from operating activities

In Australian dollars

Particulars	As at March 31, 2020	2019
Reconciliation of cash flow from operations with profit after income tax	1,119,335	1,548,491
Adjustments for:		
Depreciation and amortization	532,939	67,063
Deferred tax assets	3,174,104	(3,144,903)
Net tax assets (liabilities)	(3,163,937)	4,144,544
Finance cost	32,187	–
	1,694,628	2,615,195
Changes in		
Trade and other receivables	(1,972,365)	(4,834,821)
Other current assets	4,883,443	(4,324,872)
Prepayments	(1,090,018)	(904,186)
Trade and other payables	219,515	1,271,719
Other liabilities	4,024,976	3,706,472
Provisions	(115,530)	101,572
Employee benefits obligation	(4,465,212)	7,332,176
Net cash from operating activities	3,179,437	4,963,255

12.c Other current assets

In Australian dollars

Particulars	As at March 31, 2020	2019
Current		
Electricity and other deposits	9,338	–
Interest accrued but not received	16,433	39,610
	25,771	39,610

13. Property, plant and equipment

In Australian dollars

Particulars	Plant and machinery	Furniture and fixtures	Computer equipment	Total
Cost				
Balance at April 1, 2018	74,702	317,834	532,019	924,555
Additions	1,109	–	17,089	18,198
Disposals	–	–	–	–

Particulars	Plant and machinery	Furniture and fixtures	Computer equipment	Total
Balance at March 31, 2019	75,811	317,834	549,108	942,753
Balance at April 1, 2019	75,811	317,834	549,108	942,753
Additions	736	–	105,024	105,760
Disposals	–	–	(85,357)	(85,357)
Balance at March 31, 2020	76,547	317,834	568,775	963,156
Accumulated depreciation				
Balance at April 1, 2018	63,369	287,599	390,633	741,601
Depreciation	7,217	9,422	50,424	67,063
Disposals	–	–		–
Balance at March 31, 2019	70,586	297,021	441,057	808,664
Balance at April 1, 2019	70,586	297,021	441,057	808,664
Depreciation	4,397	9,423	76,533	90,353
Disposals	–	–	(85,357)	(85,357)
Balance at March 31, 2020	74,983	306,444	432,233	813,660
Carrying amounts				
At March 31, 2019	5,225	20,813	108,051	134,089
At March 31, 2020	1,564	11,390	136,542	149,496

14. Trade and other payables

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Trade payables	1,472,952	1,263,529
Amounts due to related party	105,250	95,158
	1,578,202	1,358,687

15. Other current liabilities

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Accrued expenses - cost of third party software	5,814,259	3,564,578
Accrued expenses - others	950,245	966,802
Deferred revenue	1,642,447	66,745
Withholding taxes payable	71,338	102,051
	8,478,289	4,700,176
Non-current		
Accrued expenses - cost of third party software	1,685,537	6,546,050
Accrued expenses - others	236,563	830,330
	1,922,100	7,376,380

16. Tax assets and liabilities

(a) Deferred tax assets

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Deferred tax assets due to timing differences		
Provision for doubtful debts	66,424	46,093
Provision for expenses	–	3,222,007
Provision for employee benefits	454,146	386,776
Provision for post-sale customer support	22,270	57,138
Deferred tax liabilities	(4,930)	–
Net deferred tax assets	537,910	3,712,014

(b) Reconciliation of effective tax rate

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Profit before tax	1,653,309	2,241,375
Tax using the Company's domestic tax rate of 30% (2019: 30%)	495,993	672,412
Non-deductible expenses	37,981	20,472
Income tax expense for the period	533,974	692,884

(c) Income tax expense

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Corporation income tax		
Current year	584,733	3,842,253
Adjustments in respect of prior years	(3,224,862)	(4,466)
	(2,640,129)	3,837,787
Deferred tax expense		
Origination and reversal of temporary differences	(186,493)	(3,144,903)
Write down of previously recognized deferred tax assets	3,360,596	–
Income tax expense for the period	3,174,103	(3,144,903)
Total income tax expense	533,974	692,884

17. Provisions

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Provision for post-service client support	74,930	190,460
	74,930	190,460

The movement in provisions is as follows

Particulars	As at March 31,	
	2020	2019
Balance at the beginning	190,460	88,888
Provision recognized / (reversed)	(115,530)	101,572
Balance at the end	74,930	190,460

18. Employee Benefit Obligations

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Current		
Provision for employee bonuses	2,111,775	1,347,271
Annual leave	667,669	555,923
Long service leave	243,929	214,227
	3,023,373	2,117,421
Non-current		
Long service leave	602,220	519,103
	602,220	519,103

19. Leases

Leases as lessee

Following are the changes in the carrying value of right-of-use assets for the year ended March 31, 2020:

In Australian dollars

Particulars	2020
Balance as of April 1, 2019	1,147,929
Reclassified on account of adoption of AASB 116	–
Additions	–
Deletions	–
Amortization	(442,587)
Balance as of March 31, 2020	705,342

The following is the break-up of current and non-current lease liabilities as at March 31, 2020

In Australian dollars

Particulars	2020
Non-current lease liabilities	411,694
Current lease liabilities	430,792
Total	842,486

The following is the movement in lease liabilities during the year ended March 31, 2020

In Australian dollars

Particulars	2020
Balance as of April 1, 2019	1,473,690
Additions	–
Deletions	–
Finance cost accrued during the period	32,187
Payment of lease liabilities	(663,391)
Balance as of March 31, 2020	842,486

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis

In Australian dollars

Particulars	As at March 31,
	2020
Less than one year	448,258
One to five years	349,068
More than five years	94,539
Total	891,865

Operating Leases (Disclosure under previous standard AASB 117)

Leases as lessee

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

In Australian dollars

Particulars	As at March 31,
	2019
Less than one year	661,549
One to five years	529,876
Total	1,191,425

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 managerial personnel of the Company.

The employee compensation is as follows:

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Short term employee benefits	479,472	366,770

21. Financial instruments

Financial instruments by Category

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Financial assets		
Cash and cash equivalents	28,229,346	25,819,060
Trade and other receivables	9,508,458	7,536,093
Other current assets	25,771	39,610
	37,763,575	33,394,763
Financial liabilities		
Trade and other payables	1,578,202	1,358,687
Other current liabilities	8,757,942	10,758,036
	10,336,144	12,116,723

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 date.

b. Financing facilities

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Unsecured bank guarantee facility reviewed annually and payable at call-Amount used	442,104	403,317
	442,104	403,317

23. Related party transactions

The details of the related party transactions entered into by the Company during the years ended March 31, 2020 and March 31, 2019 are as follows:

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Purchase of services		
Infosys BPM Limited	508,241	463,709
Infosys Management Consulting Pty. Limited	–	62,740
	508,241	526,449
Sale of services		
Infosys Limited	4,670,192	3,166,357
Infosys BPM Limited	223,570	1,114,502
HIPUS Co., Ltd.	146,150	–
Infosys Poland Sp.z.o.o	–	80
	5,039,912	4,280,939

The details of the amount due to or due from the related parties as at March 31, 2020 and March 31, 2019 are as follows

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Trade receivables		
Infosys Limited	419,775	171,673
Infosys BPM Limited	–	–
	419,775	171,673
Other receivables		
Infosys Limited	18,845	13,940
Infosys Management Consulting Pty. Limited	1,072	–
Infosys BPM Limited	5,178	–
	25,095	13,940
Unbilled revenues		
HIPUS Co., Ltd.	146,150	–
	146,150	–
Trade payables		
Infosys BPM Limited	36,455	44,229
	36,455	44,229
Other payables		
Infosys Limited	68,795	50,929
	68,795	50,929

Other receivables and other payables consist of cross charges from the related parties mentioned above.

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

Ordinary shares

In Australian dollars

Particulars	As at March 31,	
	2020	2019
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

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Dividend paid	–	–
	–	–

Dividend franking account

In Australian dollars

Particulars	As at March 31,	
	2020	2019
30% franking credits available to shareholders of Portland Group Pty. Ltd. for subsequent financial years	8,015,588	7,491,774
	8,015,588	7,491,774

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

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

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

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

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

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

26. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years, other than above. Please refer note 2 (e) 'Assumptions and estimation uncertainties' for the COVID-19 pandemic disclosure.

The Directors are not aware of any other matter or circumstance that has occurred since the end of the financial period that has significantly affected or may affect the operations of the company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Directors' declaration

In the opinion of the directors of the Portland Group Pty. Ltd. ("the Company"):

(a) The Company is not publicly accountable nor a reporting entity;

(b) The financial statements and notes 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, 2020 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

Dated at Sydney this 13th day of May 2020

Infosys Middle East FZ LLC

(Formerly known as “CMA Systems FZ-LLC”)

Independent Auditors' Report

The Shareholder 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 31 December 2019, 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 31 December 2019, 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 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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 Other 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

Date: May 10, 2020

Statement of profit or loss and other comprehensive income

in AED

Particulars	Note no.	For the year ended	
		2019	2018
Revenue	9	46,490,265	49,586,450
Staff costs	5	(35,994,432	(41,711,293)
Administrative and general expenses	6	(4,770,165)	(5,023,166)
Impairment losses on financial assets	9	–	(15,525,433)
		(40,764,597)	(62,259,892)
Finance cost	14	(392,659)	(129,330)
Profit / (Loss) for the year		5,333,009	(12,802,772)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of the net defined benefit liability		(704,030)	(35,770)
Total other comprehensive income		(704,030)	(35,770)
Total comprehensive profit / (loss) for the year		4,628,979	(12,838,542)

The notes on pages 462 to 472 form an integral part of these financial statements.

The independent auditors' report is set out on pages 456 to 457.

Statement of Financial Position

in AED

Particulars	Note no.	As at December 31,	
		2019	2018
Non-current asset			
Property and equipment	7	230,923	421,787
Right-of-use asset	17	6,014,037	–
		6,244,960	421,787
Current assets			
Other receivables	8	804,702	1,738,406
Due from a related party	9	7,810,129	3,602,373
Cash and cash equivalent	10	3,335,699	6,374,017
		11,950,530	11,714,796
Current liabilities			
Trade and other payables	11	2,588,720	2,861,224
Current portion of lease	17	1,403,266	–
Loan from a related party	9	–	5,634,330
Due to related party	9	99,453	–
		4,091,439	8,495,554
Net current assets		7,859,091	3,219,242
Non-current liability			
Provision for employees' end of service benefits	12	17,437,542	16,117,866
Lease liability	17	4,582,384	–
		22,019,926	16,117,866
Net assets		(7,915,875)	(12,476,837)
Represented by:			
Share capital	13	300,000	300,000
Retained earnings		(8,215,875)	(12,776,837)
		(7,915,875)	(12,476,837)

To the best of our knowledge, the financial statements fairly presents, in all material respects, the financial position, results of operation and cash flows of the Company as of, and for the year ended December 31, 2019.

These financial statements were approved for issuance by the Managing Director on May 10, 2020

Sriranga Neelathali Sampathkumar
Managing Director

The notes on pages 462 to 472 form an integral part of these financial statements.

The independent auditors' report is set out on pages 456 to 457.

Statement of Cash Flows

in AED

Particulars	Note no.	Year ended December 31, 2019	Year ended December 31, 2018
Operating activities			
Profit / (loss) for the year		5,333,009	(12,802,772)
Adjustments for:			
Depreciation on property and equipment	7	231,834	544,179
Depreciation on right-of-use asset	17	1,963,515	–
Provision for employees' end-of-service benefits	12	2,577,628	2,041,493
Interest expense	14	392,659	129,330
Provision for incentives and leave accruals	11	3,688,740	1,838,964
Impairment losses on financial assets	9	–	15,525,433
		14,187,385	7,276,627
Changes in:			
Change in other receivables	8	958,438	(449,142)
Change in due from a related party	9	(4,207,756)	(2,146,771)
Change in due to a related party	9	(99,453)	–
Change in trade and other payables	11	(60,735)	(1,025,398)
Payment for employees' end-of-service benefits	12	(1,961,981)	(1,484,830)
Payment of incentives and leave accruals	11	(4,021,979)	(1,914,976)
Net cash from operating activities		4,793,919	255,510
Investing activity			
Acquisition of property and equipment	7	(40,970)	(118,137)
Net cash used in investing activity		(40,970)	(118,137)
Financing activity			
Proceeds from loan from a related party	9	–	5,505,000
Payment of loan from a related party	9	(5,505,000)	–
Interest paid on loan from a related party	9	(233,850)	–
Payment of lease liability	17	(2,052,417)	–
Net cash (used in) / from financing activity		(7,791,267)	5,505,000
Net decrease in cash and cash equivalents		(3,038,318)	5,642,373
Cash and cash equivalents at the beginning of the year		6,374,017	731,644
Cash and cash equivalents at the end of the year		3,335,699	6,374,017

The notes on pages 462 to 472 form an integral part of these financial statements.

The independent auditors' report is set out on pages 456 to 457.

Statement of Changes in Equity

For the year ended December 31, 2019

in AED

	Share capital	Retained earnings	Total
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)
Adjustment of initial application of IFRS 16, net of tax	–	(68,017)	(68,017)
Adjusted balance at January 1, 2019	300,000	(12,844,854)	(12,544,854)
Total comprehensive income for the year			
Profit for the year	–	5,333,009	5,333,009
Other comprehensive income for the year	–	(704,030)	(704,030)
At December 31, 2019	300,000	(8,215,875)	(7,915,875)

The notes on pages 462 to 472 form an integral part of these financial statements.

(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 September 27, 2007 as a free zone company with limited liability under the provisions of the Dubai Technology and 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 May 8, 2012, the ownership was fully transferred 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 the year 2017, CMA CGM SA entered into a transfer agreement with Infosys Consulting Pte. Ltd ("the Shareholder") to transfer CMA Systems FZ-LLC, effective from January 1, 2018, and the Company's legal name was changed to "Infosys Middle East FZ-LLC".

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.

2.1.a Going concern

These financial statements have been prepared on the going concern basis notwithstanding the fact that the Company has accumulated loses and deficiency of net assets as at December 31, 2019 of AED 8,215,875 (December 31, 2018: AED 12,776,837) and AED 7,915,875 (December 31, 2018: 12,476,837) respectively. The continuation of the Company's operation is dependent upon the continued support from Infosys Limited (Ultimate Holding Company) and the ability of the Company to generate sufficient cash flows to meet its future obligations. The Ultimate Holding Company have provided an undertaking to provide necessary financial support to enable the Company to meet its obligations, as they fall due in the foreseeable future.

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.

3.1 Changes in significant accounting policies

The following revised new and amended standards have been adopted in these financial statements.

IFRS 16, Leases

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative of initially applying the standard is recognized as an adjustment to the opening balance of retained earnings as on 1 January 2019. Accordingly, the comparative figures have not been restated for 2018 i.e. it is presented, as reported previously under IAS 17.

3.1.1 Definition of a lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRlC 4. Under IFRS 16, the Company assesses whether a contract is or contains a lease based on the definition of a lease. On transition to IFRS 16, the Company elected to apply the new definition of leases to all of its contracts.

Adjustments recognized on adoption of IFRS 16

(a) Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Company applied this approach to all leases.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

(i) Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term;

(ii) Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

(b) Leases classified as finance leases under IAS 17

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at January 1, 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date. There were no finance leases before the application of IFRS 16.

The Company has taken office premises on lease. The lease period is one year with an option to extend the lease for further period. The Company estimates to occupy the premises till March 31, 2024 based on its economic incentive. On transition to IFRS 16, the Company recognized approximately AED 10 million of right-of-use assets with a corresponding lease liability of approximately AED 10 million with the cumulative effect of applying the standard by adjusting retained earnings by AED 68,017. When measuring lease liabilities, the Company discounted lease payments. The incremental borrowing rate applied on the date of transition is 3.19%. Operating lease commitment as at December 31, 2018 under IAS 17 was approximately AED 2.3 million which was discounted using incremental borrowing rate and approximately AED 10 million was recognized in books. Refer to Note 17 of the financial statements.

3.2 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 IFRS 16 Leases (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 shareholder, to whom it provides services. The Company bills the Shareholder the costs it incurs for providing its services plus a margin of 6%. Revenue is measured based on the consideration specified in a contract with the shareholder. The Company recognizes revenue when it transfers control over goods or services to a shareholder. In view of the risks associated with the delivery of its services to and the collection of the amounts due from the Shareholder, 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
Providing IT solutions and services to the Shareholder	The invoices for the services provided are usually payable within the period of 30 days.	Revenue is recognized at a point in time 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.

Financial instruments

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

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:

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 realizing 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:

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:

Financial assets at amortized cost

A financial instrument is any contract that gives rise to both a financial asset of the Company and a financial liability or equity instrument for another party. The Company principally classifies its financial assets at initial recognition in the following categories:

Financial assets at fair value through profit or loss: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are 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 or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

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 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 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.

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 labor, 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:

	Years
Office equipment and fixtures	2 - 5

The depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment

Non-derivative financial assets

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 realizing 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

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.

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.

Leases

Policy applicable from January 1, 2019

At inception of a contract the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

a) The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct asset or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.

b) The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

c) The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

   i) The Company has the right to operate the asset; or

   ii) The Company designed the asset in a way that predetermines how and for what purpose it will be used

This policy is applied to contracts entered into, or changed, on or after January 1, 2019.

At inception or on assessment of a contract that contains a lease component, the Company identifies the non-lease component in the contract and break the lease and non-lease component and present the same separately i.e. lease component is capitalized as part of right-of-use asset and non-lease component is presented separately.

The Company as lessee

Right-of-use asset

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments in the measurement of the lease liability comprise the following:

a) fixed payments, including in-substance fixed payments;

b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

c) amounts expected to be payable under a residual value guarantee; and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of equipment that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before January 1, 2019

For contracts entered into before January 1, 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

a) Fulfilment of the arrangement was dependent on the use of a specific asset or assets; and

b) The arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:

   (i) The purchaser had the ability or right to operate the asset or direct others to operate the asset in a manner it determines while obtaining or controlling more than an insignificant amount of the output or other utility of the asset.

   (ii) The purchaser had the ability or right to control physical access to the underlying asset while obtaining or controlling more than an insignificant amount of the output or other utility of the asset.

   (iii) Facts and circumstances indicate that it was remote that one or more parties other than the purchaser would take more than an insignificant amount of the output, and the price that the purchaser would pay for the output was neither contractually fixed per unit of output nor equal to the current market price per unit of output as of the time of delivery of the output.

The Company as lessee

In the comparative period, as a lessee the Company classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases were classified as operating leases and were not recognized in the Company's statement of financial position.

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

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. Re-measurements 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.

New and amended standards not effective and not yet adopted by the Company

New and amended standards not effective and not yet adopted by the Company	Effective date
Sale or Contribution of Assets between an Investor and its Associates or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely
Amendments to References to Conceptual Framework in IFRS	January 1, 2020
Definition of a Business (Amendments to IFRS 3)	January 1, 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	January 1, 2020
IFRS 17 Insurance contracts	January 1, 2021

Management anticipates that the application of the above amendments in future periods will have no material impact on the financial information of the Company in the period of initial application.

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 AED and 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	For the year ended December 31,	
	2019	2018
Salaries and other benefits	33,416,804	39,669,800

Particulars	For the year ended December 31,	
	2019	2018
Provision for employees' end-of-services benefits (Refer to Note 12)	2,577,628	2,041,493
	35,994,432	41,711,293

6 Administrative and general expenses

in AED

Particulars	For the year ended December 31,	
	2019	2018
Rent expenses	–	2,222,891
Communication expenses	462,501	681,833
Utilities	59,677	39,838
Office maintenance	537,404	548,807
Travel and entertainment expenses	1,171,496	768,216
Depreciation on property and equipment (Refer to Note 7)	231,834	544,179
Depreciation on right-of-use asset (Refer to Note 17)	1,963,515	–
Professional fees	69,598	25,244
Others	274,140	192,158
	4,770,165	5,023,166

7 Property and equipment

in AED

Particulars	Office equipment and fixtures
Cost	
At January 1, 2018	3,043,628
Additions	118,137
At December 31, 2018	3,161,765
At January 1, 2019	3,161,765
Additions	40,970
At December 31, 2019	3,202,735
Depreciation	
At January 1, 2018	2,195,799
Charge for the year	544,179
At December 31, 2018	2,739,978
At January 1, 2019	2,739,978
Charge for the year	231,834
At December 31, 2019	2,971,812
Net book value	
At December 31, 2019	230,923
At December 31, 2018	421,787

8 Other receivables

in AED

Particulars	As at December 31,	
	2019	2018
Prepayments	577,030	1,181,953
Deposits	125,000	125,000
Advance to employees	86,833	155,185
VAT receivable	15,839	276,268
	804,702	1,738,406

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 were:

in AED

Particulars	For the year ended December 31,	
	2019	2018
Income received from the Shareholder for services rendered	46,490,265	49,586,450
Finance cost	104,520	129,330

in AED

Due from a related party	As at December 31,	
	2019	2018
Infosys Limited ("the Shareholder")	7,810,129	3,602,373
	7,810,129	3,602,373

in AED

Due to a related party	As at December 31,	
	2019	2018
Infosys Limited ("the Shareholder")	99,453	–
	99,453	–

in AED

Loan from a related party	As at December 31,	
	2019	2018
Infosys Public Services, Inc.	–	5,634,330

The loan was 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 initially carried an interest of 2.5% paid on an annual basis and then was amended to 4%, effective April 1, 2019 and then again amended to LIBOR + appropriate spread (0.82%), effective July 1, 2019. The loan was payable on demand and was fully repaid during the year.

10 Cash and cash equivalent

in AED

Particulars	As at December 31,	
	2019	2018
Cash at bank	3,335,699	6,374,017
	3,335,699	6,374,017

11 Trade and other payables

in AED

Particulars	As at December 31,	
	2019	2018
Trade payables	130,577	51,332
Accruals	210,449	226,131
Other payables	263	3,091
Provision for incentives (i)	1,492,000	1,735,196
Provision for leave accrual (ii)	755,431	845,474
	2,588,720	2,861,224

(i) Movement of the provision for incentives was:

In AED

Particulars	As at December 31,	
	2019	2018
At January 1	1,735,196	2,259,202
Provision made during the year	1,708,606	1,390,970
Payments made during the year	(1,951,802)	(1,914,976)
At December 31	1,492,000	1,735,196

(ii) Movement of the provision for leave accrual was

in AED

Particulars	As at December 31,	
	2019	2018
At January 1	845,474	535,930
Provision made during the year	1,980,134	447,994
Reversal made during the year	(2,070,177)	(138,450)
	755,431	845,474

12 Provision for employees' end-of-service benefits

in AED

Particulars	As at December 31,	
	2019	2018
At January 1	16,117,866	15,525,433
Included in profit or loss:		
Provision made during the year (Refer to Note 5)	2,577,628	2,041,493
Included in OCI		
Unrecognized actuarial loss	704,030	35,770
Gratuity repaid	–	–
Payments made during the year	(1,961,981)	(1,484,830)
At December 31	17,437,542	16,117,866

The principle actuarial assumptions at the reporting date (expressed as weighted averages) were as follows:

in AED

Particulars	As at December 31,	
	2019	2018
Discount rate	3.3%	4.8%
Future salary growth	4%	4%

Reasonable possible changes at reporting 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 1,702,392 (2018: AED 1,459,387) and AED 1,625,016 (2018: AED 1,468,484) respectively.

13 Share capital

in AED

Particulars	As at December 31,	
	2019	2018
Authorized, issued and paid-up:		
300 shares of AED 1,000 each	300,000	300,000

14 Finance cost

in AED

Particulars	For the year ended December 31,	
	2019	2018
Interest expense on borrowings (Refer to Note 9)	104,520	129,330
Interest expense on lease liability (Refer to Note 17)	288,139	–
	392,659	129,330

15 Financial instruments

Financial assets of the Company comprise other receivables (excluding prepayments and advances), due from a related party and cash and cash equivalent. 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	As at December 31,	
	2019	2018
Cash and cash equivalent	3,335,699	6,374,017
Due from a related party	7,810,129	3,602,373
Other receivables (excluding prepayments and advances)	140,839	401,268
	11,286,667	10,377,658

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.

The contractual maturities of the Company's financial liabilities are as follows:

In AED

2019	Carrying amount	Contractual cashflows	1 year or less	1 to 5 years	More than 5 years
Trade and other payables	2,588,720	(2,588,720)	(2,588,720)	–	–
Due to a related party	99,453	(99,453)	(99,453)	–	–
Leased liabilities	5,985,650	(6,337,801)	(1,543,337)	(4,794,464)	–
	8,673,823	(9,025,974)	(4,231,510)	(4,794,464)	–

in AED

2018	Carrying amount	Contractual cashflows	1 year or less	1 to 5 years	More than 5 years
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)	–	–

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 optimizing 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 Company is not exposed to interest rate risk as there is no loan outstanding at year end.

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, 2019 (December 31, 2018: Nil).

17 Right-of-use assets and lease liabilities

The Company has taken office premises on lease. The lease period is one year with an option to extend the lease for further period. The Company estimates to occupy the premises till March 31, 2024 based on its economic incentive.

in AED

Particulars	As at December 31, 2019
Right-of-use assets	
Balance at the beginning of the year	10,696,946
Additions	–
Derecognition of right-of-use assets	(2,719,394)
Depreciation on right-of-use assets	(1,963,515)
Balance at the end of the year	6,014,037
Lease liabilities	
Maturity analysis	
Less than one year	1,403,266
One to five years	4,582,385
More than 5 years	–
Balance at the end of the year	5,985,651

In AED

Particulars	2019
Lease liabilities included in the statement of financial position at 31 December	
Current portion	1,403,266
Non-current portion	4,582,385
Balance at the end of the year	5,985,651
Amounts recognized in profit and loss	
Depreciation charge of right-of-use assets	1,963,515
Interest expense on lease liabilities	288,139
Amounts recognized in Statement of Cash Flows	
Total cash outflow for leases	2,052,417

In AED

Particulars	2018
Amounts recognized in profit and loss	
Lease expense (Lease rental)	2,222,891

18 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. The 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.

19 Subsequent events

The Company has been closely monitoring the potential impact of Coronavirus outbreak since early 2020 on its business due to restrictions imposed by the government, disruption and liquidity crunch in market where the Company operates. The Company operates with a cost-plus model, where it charges the costs it incurs for providing its services plus a margin to its Ultimate Holding Company. The Company is honoring its customer by operating even in the challenging economic environment.

The Management of the Company believes there is no financial impact to the Financial Statements as at December 31, 2019 as a result of this subsequent event.

20 Comparative figures

Certain comparative figures have been reclassified, wherever necessary, to conform to the presentation adopted in these financial statements.

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, 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 statements 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, 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 Statements:

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

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

UDIN : 20202841AAABSV1387

Place: Bengaluru.
Date: March 16, 2020

Balance Sheet

in US$

Particulars	Note no.	Year ended December 31, 2019	Year ended December 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	79,999	162,600
Financial assets			
Investments	2.2	39,169,739	39,169,739
Deferred tax assets	2.12	574,355	649,966
Income tax assets	2.12	289,509	–
Total non-current assets		40,113,603	39,982,305
Current assets			
Financial assets			
Trade receivables	2.3	41,516,250	41,217,636
Cash and cash equivalents	2.4	105,011	220,201
Other financial assets	2.5	22,519,753	17,249,382
Other current assets	2.6	12,127	11,111
Total current assets		64,153,141	58,698,330
Total assets		104,266,744	98,680,635
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.7	–	–
Other equity		63,748,916	63,463,348
Total equity		63,748,916	63,463,348
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	2.12	20,751	42,112
Financial liabilities			
Borrowings	2.9	10,228,827	4,013,836
Total non-current liabilities		10,249,578	4,055,948
Current liabilities			
Financial liabilities			
Trade payables	2.8	23,967,284	23,230,025
Other financial liabilities	2.10	612,643	641,030
Other current liabilities	2.11	5,587,432	7,211,404
Income tax liabilities	2.12	100,891	78,880
Total current liabilities		30,268,250	31,161,339
Total equity and liabilities		104,266,744	98,680,635

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
March 16, 2020

for and on behalf of Board of Directors of Panaya Inc

Deepak Padaki
Director

Vibhuti Kumar Dubey
Director

Statement of Profit and Loss

in US$, except share and per share data

Particulars	Note no.	Year ended December 31, 2019	Year ended December 31, 2018
Revenue from operations	2.13	8,319,243	16,472,117
Other income, net	2.14	12,055	58,805
Total income		8,331,298	16,530,922
Expenses			
Employee benefit expenses	2.15	5,595,443	7,633,157
Cost of technical sub-contractors	2.15	748,311	6,898,891
Travel expenses	2.15	493,139	624,273
Communication expenses	2.15	38,378	62,741
Consultancy and professional charges		221,382	101,708
Finance cost		214,992	13,836
Depreciation	2.1	82,600	101,315
Other expenses	2.15	712,435	661,680
Total expenses		8,106,679	16,097,601
Profit / (loss) before tax		224,619	433,321
Tax expense:			
Current tax	2.12	(115,198)	516,805
Deferred tax	2.12	54,249	(607,852)
Profit / (loss) for the year		285,568	524,368
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, net of tax		–	–
Total comprehensive income for the year		285,568	524,368
Earnings per equity share			
Equity shares of par value $0.01 each			
Basic and diluted		142,784	262,184
Number of shares used in computing earning per share			
Basic and diluted		2	2

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

As per our report of even date attached

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

M. Rathnakar Kamath
Partner
Membership number: 202841

Bengaluru
March 16, 2020

for and on behalf of Board of Directors of Panaya Inc

Deepak Padaki
Director

Vibhuti Kumar Dubey
Director

Statements of Cash Flows

in US$

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Cash flow from operating activities:		
Profit / (loss) for the year	285,568	524,368
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation	82,600	101,315
Income tax expense	(60,949)	(91,047)
Interest expense on loan	214,992	13,836
Changes in assets and liabilities		
Trade receivables	(298,614)	(7,753,206)
Other assets and other financial assets	(5,271,387)	(4,642,684)
Trade payables	737,259	6,961,583
Other financial liabilities and other liabilities	(1,652,359)	733,495
Cash generated from operations	(5,962,890)	(4,152,340)
Income taxes paid	(152,300)	(673,475)
Net cash used in operating activities	(6,115,190)	(4,825,815)
Cash flow from investing activities:		
Expenditure on property, plant and equipment	–	(4,259)
Net cash used in investing activities	–	(4,259)
Cash flow from financing activities:		
Additional capital towards securities premium	–	–
Borrowings	6,000,000	4,000,000
Net cash from financing activities	6,000,000	4,000,000
Effect of exchange differences on translation of foreign currency cash and cash equivalents	–	–
Net decrease in cash and cash equivalents	(115,190)	(830,074)
Cash and cash equivalents at the beginning of the year	220,201	1,050,275
Cash and cash equivalents at the end of the year	105,011	220,201

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
March 16, 2020

for and on behalf of Board of Directors of Panaya Inc

Deepak Padaki
Director

Vibhuti Kumar Dubey
Director

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, 2018	–	59,509,414	3,429,567	62,938,980
Changes in equity for the year ended December 31, 2018				
Changes during the year	–	–	–	–
Profit for the year	–	–	524,368	524,368
Balance as of December 31, 2018	–	59,509,414	3,953,935	63,463,348
Balance as of January 1, 2019	–	59,509,414	3,953,935	63,463,348
Changes in equity for the year ended December 31, 2019				
Profit for the year	–	–	285,568	285,568
Balance as of December 31, 2019	–	59,509,414	4,239,502	63,748,916

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
March 16, 2020

for and on behalf of Board of Directors of Panaya Inc

Deepak Padaki
Director

Vibhuti Kumar Dubey
Director

Significant accounting policies

Company overview

Panaya Inc. ("the Company") was incorporated in the United States of America. 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.

Effective January 1, 2019, 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 January 1, 2019. 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.

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.

Unbilled / unearned

Revenues in excess of invoicing are classified as contract assets (referred to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (referred to as unearned revenue).

Revenue from licenses where the customer obtains a right-to-use (ROU) the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a ROU 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 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.

Deferred contract cost

Deferred contract costs are incremental costs of obtaining a contract which are recognized as assets and amortized over the term of the contract.

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.

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 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 is 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 amortized cost

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

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

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

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

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

(iv) Financial liabilities

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

(v) Investment in subsidiaries

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

1.8 Fair value of financial instruments

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

1.9 Impairment

a. Financial assets

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

b. Non-financial assets

(i) Property, plant and equipment

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

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

1.10 Employee benefits

Compensated absences

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

1.11 Foreign currency

Functional currency

The functional currency of the Company is the US 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.

1.12 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. 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.

1.13 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

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 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

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 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. 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 (January 1, 2020). The effect of adoption is not expected to material for the Company's financial statements.

1.17 Borrowing cost

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

2.1 Property, plant and equipment

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

in US $

Particulars	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2019	120,950	29,278	244,938	99,231	494,397
Additions / adjustments	–	–	–	–	–
Deletions / adjustments	–	–	–	–	–
Gross carrying value as of December 31, 2019	120,950	29,278	244,938	99,231	494,397
Accumulated depreciation as of January 1, 2019	(62,865)	(16,131)	(208,127)	(44,674)	(331,797)
Depreciation	(23,610)	(4,335)	(35,311)	(19,344)	(82,600)
Accumulated depreciation on deletions	–	–	–	–	–
Accumulated depreciation as of December 31, 2019	(86,475)	(20,466)	(243,438)	(64,018)	(414,397)
Carrying value as of December 31, 2019	34,475	8,811	1,500	35,213	79,999

Particulars	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures	Total
Carrying value as of January 1, 2019	58,085	13,146	36,811	54,558	162,600

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2018 were 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	–	–	–	–	–

Particulars	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures	Total
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	81,696.80	16,819	88,283	72,857	259,655

2.2 Investments

in US $

Particulars	As at December 31,	
	2019	2018
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,	
	2019	2018
Non-current investments		
Unquoted		
Investment carried at cost		
Investments in equity instruments of subsidiaries		
Panaya Ltd, Israel	39,069,600	39,069,600
Panaya Japan Co Ltd, Japan	61,298	61,298
Aggregate amount of unquoted investments	39,169,739	39,169,739
Investments carried at cost	39,169,740	39,169,740

2.3 Trade receivables

in US $

Particulars	As at December 31,	
	2019	2018
Current		
Unsecured		
Considered good [(1)]	41,516,250	41,217,636
Total trade receivables	41,516,250	41,217,636
[(1)] Includes dues from related parties (Refer to Note 2.18)	39,468,909	39,468,909

2.4 Cash and cash equivalents

in US$

Particulars	As at December 31,	
	2019	2018
Balances with banks		
In current and deposit accounts	105,007	220,165
Cash on hand	3	36
Total cash and cash equivalents	105,011	220,201

2.5 Other financial assets

in US$

Particulars	As at December 31,	
	2019	2018
Current		
Rental deposits [1]	21,573	21,573
Others [1][2]	22,498,180	17,227,809
Total current other financial assets	22,519,753	17,249,382
[1] Financial assets carried at amortized cost	22,519,753	17,249,382
[2] Includes dues from related parties (Refer to Note 2.18)	22,498,180	17,227,809

2.6 Other assets

in US $

Particulars	As at December 31,	
	2019	2018
Current		
Prepaid expenses	12,127	11,111
Total current other assets	12,127	11,111

2.7 Equity

Equity share capital

in US$

Particulars	As at December 31,	
	2019	2018
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	
	2019	2018
Infosys Limited	100%	100%

2.8 Trade payables

in US $

Particulars	As at December 31,	
	2019	2018
Trade payables [1]	23,967,284	23,230,025
Total trade payables	23,967,284	23,230,025
[1] includes dues to related parties (Refer to Note 2.18)	23,904,251	23,155,940

2.9 Borrowings

in US $

Particulars	As at December 31,	
	2019	2018
Non-Current		
Unsecured loan [1][2]	10,228,827	4,013,836
Total Non-current borrowings	10,228,827	4,013,836
[1] includes dues to related parties (Refer to Note 2.18)	10,228,827	4,013,836

[2] The above loan carries an interest of 2.86% 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 liabilities

in US$

Particulars	As at December 31,	
	2019	2018
Current		
Accrued compensation to employees [1]	482,034	483,736
Accrued expenses [1]	79,732	85,550
Compensated absences	35,298	36,574
Other payables [1]	15,579	35,170
Total current other financial liabilities	612,643	641,030
[1] Financial liability carried at amortized cost	577,345	604,456

2.11 Other liabilities

in US$

Particulars	As at December 31,	
	2019	2018
Current		
Unearned revenue	5,579,525	7,207,717
Others – Withholding taxes and others	7,907	3,687
Total current other liabilities	5,587,432	7,211,404

2.12 Income taxes

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

in US$

Particulars	Year ended December 31,	
	2019	2018
Current taxes	(115,198)	516,805
Deferred taxes	54,249	(607,852)
Income tax expense	(60,949)	(91,047)

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

in US$

Particulars	Year ended December 31,	
	2019	2018
Profit before income taxes	224,619	433,321
Enacted tax rates in US	27.00%	27.00%
Computed expected tax expense	60,647	116,997

Particulars	Year ended December 31,	
	2019	2018
Effect of unrecognized deferred tax assets	(9,060)	(354,565)
Tax provision / reversals	(115,198)	18,712
Overseas taxes	–	122,182
Effect of non-deductible expenses	2,662	5,627
Income tax expense	(60,949)	(91,047)

The applicable statutory tax rate for year ended December 31, 2019 and December 31, 2018 is 40%.

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

in US$

	As at December 31,	
	2019	2018
Income tax assets	289,509	–
Deferred tax assets	574,355	649,966
Deferred tax liabilities	(20,751)	(42,112)
Current income tax liabilities	(100,891)	(78,880)
Net current income tax assets / (liability) at the end	742,223	528,974

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

in US$

	Year ended December 31,	
	2019	2018
Net current income tax asset / (liability) at the beginning	528,974	(235,548)
Income tax paid	152,300	673,475
Current income tax expense	60,949	91,047
Net current income tax asset / (liability) at the end	742,223	528,974

2.13 Revenue from operations

in US$

Particulars	Year ended December 31,	
	2019	2018
Revenue from products and platforms	8,319,243	16,472,117
Total revenue from operations	8,319,243	16,472,117

Trade receivables and contract balances

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

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.

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

During the year ended December 31, 2019, the Company recognized revenue of US $ 5,435,606 arising from opening unearned revenue as of January 1, 2019.

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 Group expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Group 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 at December 31, 2019, other than those meeting the exclusion criteria mentioned above, is US $ 5,579,525 Out of this, the Group expects to recognize revenue of around 93% within the next one year and the remaining thereafter. The contracts can generally be terminated by the customers and typically includes an enforceable termination penalty payable by them.

The impact on account of applying the erstwhile Ind AS 18, Revenue standard instead of Ind AS 115, Revenue from contract with customers on the financials results of the Group for the year ended December 31, 2019 is insignificant.

2.14 Other income, net

in US $

Particulars	Year ended December 31,	
	2019	2018
Miscellaneous income	12,055	58,805
Total other income, net	12,055	58,805

2.15 Expenses

in US$

Particulars	Year ended December 31,	
	2019	2018
Employee benefit expenses		
Salaries including bonus	5,557,909	7,561,536
Staff welfare	37,534	71,621
Total employee benefit expenses	5,595,443	7,633,157
Cost of technical sub-contractors		

Particulars	Year ended December 31,	
	2019	2018
Technical sub-contractors – subsidiaries	748,311	6,898,891
Total cost of technical sub-contractors	748,311	6,898,891
Travel expenses		
Overseas travel expenses	261,458	298,808
Overseas boarding and lodging	191,414	284,551
Perdiem	40,267	40,914
Total travel expenses	493,139	624,273
Communication expenses		
Telephone charges	38,378	62,741
Total communication expenses	38,378	62,741

in US $

Particulars	Year ended December 31,	
	2019	2018
Other expenses		
Repair and maintenance	400,220	293,581
Printing and stationery	262	1,712
Marketing expenses	16,365	47,030
Rent	236,240	240,557
Rates and taxes, excluding taxes on income	1,374	8,369
Postage and courier	1,507	2,988
Insurance charges	3,585	2,729
Consumables	41,660	52,363
Bank charges	11,223	11,542
Miscellaneous expenses	–	809
Total other expenses	712,435	661,680

2.16 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period is as under:

in US $

Particulars	Year ended December 31,	
	2019	2018
Lease rentals recognized during the period	236,240	240,557

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,	
	2019	2018
Not later than 1 year	152,349	1,194,905
Later than 1 year and not later than 5 years	241,218	1,578,452
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.

2.17 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,	
	2019	2018
Assets:		
Cash and cash equivalents (Refer to Note 2.4)	105,011	220,201
Trade receivables (Refer Note 2.3)	41,516,250	41,217,636
Other financial assets (Refer to Note 2.5) (1)	22,519,753	17,249,382
Total	64,141,014	58,687,219
Liabilities:		
Trade payables (Refer to Note 2.8)	23,967,284	23,230,025
Borrowings (Refer to Note 2.9)	10,228,827	4,013,836
Other financial liabilities (Refer to Note 2.10)	577,345	604,456
Total	34,773,456	27,848,317

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 $ 41,516,251 and US $ 41,217,636 as of December 31, 2019 and December 31, 2018, 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.

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, 2019, the Company had a working capital of US $ 33,884,890 including cash and cash equivalents of US $ 105,011. As of December 31, 2018, the Company had a working capital of US $ 27,536,991 including cash and cash equivalents of US $ 220,201.

2.18 Related party transactions

List of related parties:

Name of Holding Company	Country
Infosys Limited	India

Name of fellow subsidiaries	Country
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia Do Brasil Ltda. (Infosys Brasil) (25)	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	Chile
Infosys Arabia Limited (2)	Saudi Arabia
Infosys Consulting Ltda. (2)	Brazil
Infosys CIS LLC (1)(18)	Russia
Infosys Luxembourg S.a.r.l (1)(13)	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (3)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc (19)	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o. (4)	Czech Republic
Infosys Poland Sp z.o.o (4)	Poland
Infosys McCamish Systems LLC (4)	US
Portland Group Pty Ltd (4)	Australia
Infosys BPO Americas LLC. (4)	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc. (5)(11)	US
Infosys Management Consulting Pty Limited (5)	Australia
Infosys Consulting AG (5)	Switzerland
Infosys Consulting GmbH (5)	Germany
Infosys Consulting S.R.L. (1)	Romania
Infosys Consulting SAS (5)	France
Infosys Consulting s.r.o. (5)	Czech Republic
Infosys Consulting (Shanghai) Co. Ltd. (formerly Lodestone Management Consultants Co., Ltd) (5)	China
Infy Consulting Company Ltd (5)	UK
Infy Consulting B.V. (5)	The Netherlands
Infosys Consulting Sp. z.o.o (5)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (5)	Portugal
Infosys Consulting S.R.L. (5)	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) (6)	Belgium
Panaya Ltd. (7)	Israel
Panaya GmbH (7)	Germany
Panaya Japan Co. Ltd (26) (7)	Japan

Name of fellow subsidiaries	Country
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited [8]	UK
Brilliant Basics (MENA) DMCC [8] [26]	UAE
Infosys Consulting Pte Limited (Infosys Singapore) [1]	Singapore
Infosys Middle East FZ LLC [9]	UAE
Fluido Oy [9] [14]	Finland
Fluido Sweden AB (Extero) [15]	Sweden
Fluido Norway A/S [15]	Norway
Fluido Denmark A/S [15]	Denmark
Fluido Slovakia s.r.o [15]	Slovakia
Fluido Newco AB [15]	Sweden
Infosys Compaz Pte. Ltd (formerly Trusted Source Pte. Ltd) [16]	Singapore
Infosys South Africa (Pty) Ltd [9][17]	South Africa
WongDoody Holding Company Inc. (WongDoody) [10]	US
WDW Communications, Inc [12]	US
WongDoody, Inc [12]	US
HIPUS [20]	Japan
Stater N.V. [21]	The Netherlands
Stater Nederland B.V. [22]	The Netherlands
Stater Duitsland B.V. [22]	The Netherlands
Stater XXL B.V. [22]	The Netherlands
HypoCasso B.V. [22]	The Netherlands
Stater Participations B.V. [22]	The Netherlands
Stater Deutschland Verwaltungs-GmbH [23]	Germany
Stater Deutschland GmbH & Co. KG [23]	Germany
Stater Belgium N.V./S.A. [24]	Belgium

(1) Wholly-owned subsidiary of Infosys Limited
(2) Majority-owned and controlled subsidiary of Infosys Limited
(3) Liquidated effective November 17, 2019
(4) Wholly-owned subsidiary of Infosys BPM Limited
(5) Wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Wholly-owned subsidiary of Panaya Inc.
(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(9) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(10) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
(11) Liquidated effective May 4, 2018
(12) Wholly-owned subsidiary of WongDoody
(13) Incorporated effective August 6, 2018
(14) On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
(15) Wholly-owned subsidiary of Fluido Oy
(16) On November 16, 2018, Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
(17) Incorporated effective December 19,2018
(18) Incorporated effective November 29, 2018
(19) Incorporated effective November 27, 2018, wholly-owned subsidiary Infosys Public Services Inc
(20) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd, Japan
(21) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V.
(22) Majority-owned and controlled subsidiaries of Stater N.V.
(23) Majority-owned and controlled subsidiaries of Stater Duitsland B.V.
(24) Majority-owned and controlled subsidiaries of Stater Participations B.V.
(25) Effective October 1, 2019, merged into Infosys Consulting Ltda, a majority-owned and controlled subsidiary of Infosys Limited
(26) Under liquidation

in US $

Particulars	As at December 31,	
	2019	2018
Trade receivables		
Panaya Ltd	39,468,909	39,468,909
	39,468,909	39,468,909

Particulars	As at December 31,	
	2019	2018
Other financial assets		
Panaya Ltd	22,498,180	17,227,809
	22,498,180	17,227,809
Trade payables		
Panaya Ltd.	23,904,251	23,155,940
Infosys Ltd	1,955	–
	23,906,206	23,155,940
Borrowings		
Infosys Public Services Inc	10,228,827	4,013,836
	10,228,827	4,013,836

The details of the related parties transactions entered into by the Company, for the year ended December 31, 2019 and December 31, 2018 are as follows:

in US $

Particulars	Year ended December 31,	
	2019	2018
Revenue transactions:		
Purchase of services		
Panaya Ltd.	748,311	6,898,891
	748,311	6,898,891
Finance cost		
Infosys Public Services Inc	214,992	13,836
	214,992	13,836
Sale of services		
Panaya Ltd.	–	9,573,225
	–	9,573,225

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.

Infosys Technologies (Sweden) AB

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 2019-01-01 - 2019-12-31.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Infosys Technologies (Sweden) AB as of 31 December 2019 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 skepticism 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 2019-01-01 - 2019-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the 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 skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm June 2, 2020

Deloitte AB

Signature on Swedish original

Andreas Froutnzos
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.

The registered office of the Company is situated in Stockholm.

Ownership structure

Infosys Ltd, (L85110KA1981PLC013115), Hosur Road Bangalore 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.

Expected future developments and significant risks and uncertainties

The Company has taken into account the possible effects the Covid -19 pandemic may have on the reported values of receivables.

In developing the assumptions about any future uncertainties in the global economic conditions due to this pandemic, the Company has used, at the date of presentation of the annual report, internal and external sources of information and related information as well as financial forecasts.

The Company counts to recover the carrying amount of these assets and will continue to monitor closely any potential significant changes in future economic conditions.

Multi-year comparison (K SEK)	2019	2018	2017	2016	2015
Net turnover	74,056	82,170	130,363	145,818	108,437
Profit/(loss) after financial items	6,596	2,817	4,138	(13,543)	(56,351)
Total assets	55,530	49,557	55,250	72,594	108,992
Equity-asset ratio (%)	74.98%	70.70%	58.32%	5.63%	9.51%
Average number of employees	44	52	72	102	114

Appropriation of profit/(loss)

Amounts in SEK

At the disposal of the general meeting:	
Profit/(loss) brought forward	34,939,015
Profit/(loss) for the year	6,595,894
	41,534,909
The board of directors proposes the following:	
to be carried forward	41,534,909
	41,534,909

For information about the company's earnings and financial position in other respects, please refer to the income statements, Balance Sheets and accompanying notes set out below.

Income statement

Amounts in SEK

Particulars	Note	Year ended December 31,	
		2019	2018
Net turnover	2	74,056,221	82,169,582
Total operating income		74,056,221	82,169,582
Operating expenses			
Other external expenses	3,4	(11,902,742)	(16,383,641)
Personnel costs	5	(55,389,582)	(63,078,349)
Depreciation and write-down of tangible and intangible assets	6	(5,861)	–
Total operating expenses		(67,298,185)	(79,461,990)
Operating profit/(loss)		6,758,036	2,707,592
Financial items			
Other interest income and similar profit/(loss) items	7	–	109,310
Interest expense and similar profit/(loss) items	8	(162,142)	–
Profit/(loss) after financial items		6,595,894	2,816,902
Profit/(loss) before tax			
Tax on profit for the year	9	–	–
Net profit/(loss) for the year		6,595,894	2,816,902

Balance Sheet

Amounts in SEK

Particulars	Note	As at December 31, 2019	2018
ASSETS			
Fixed assets			
Tangible assets			
Equipment, tools fixtures and fittings	6	162,118	–
		162,118	–
Financial assets			
Other long-term receivables	10	400,000	–
		400,000	–
Total fixed assets		562,118	–
Current assets			
Current receivables			
Trade receivables		4,680,779	318,549
Receivables from group companies		12,547,948	13,160,047
Other receivables		–	881,212
Prepaid expenses and accrued income	11	–	292,464
		17,228,727	14,652,272
Cash and bank		37,739,510	34,904,754
Total current assets		54,968,237	49,557,026
TOTAL ASSETS		55,530,355	49,557,026

Amounts in SEK

Particulars	Note	As at December 31, 2019	2018
EQUITY AND LIABILITIES			
Equity	12		
Restricted equity			
Share capital		100,000	100,000
Total restricted equity		100,000	100,000
Non-restricted equity			
Profit/(loss) brought forward		34,939,015	32,122,113
Profit/(loss) for the year		6,595,894	2,816,902
Total non-restricted equity		41,534,909	34,939,015
Total equity		41,634,909	35,039,015
Current liabilities			
Liabilities to group companies		1,742,050	236,782
Current tax liability		1,401,808	–
Other liabilities		94,312	963,194
Accrued expenses and deferred income	13	10,657,276	13,318,035
Total current liabilities		13,895,446	14,518,011
TOTAL EQUITY AND LIABILITIES		55,530,355	49,557,026

Change in Equity

Amounts in SEK

Particulars	Share capital	Non-restricted equity	Profit/(loss) for the year	Total Equity
Opening amount 2019-01-01	100,000	32,122,113	2,816,902	35,039,015
Appropriation of profits, last year	–	2,816,902	(2,816,902)	–
Profit/(loss) for the year	–	–	6,595,894	6,595,894
Closing amount 2019-12-31	100,000	34,939,015	6,595,894	41,634,909

Cash flow analysis

Amounts in SEK

Particulars	Note	Year ended December 31, 2019	2018
Operating activities			
Profit/(loss) after financial items		6,595,894	2,816,902
Adjustments for non-cash items, etc	6.13	8,690	(2,639)
		6,604,584	2,814,263
Taxes paid		881,212	2,615,930
Cash flow from operating activities before changes in working capital		7,485,796	5,430,193
Cash flow from changes in working capital			
Increase(-)/Decrease(+) in current receivables		(3,457,667)	2,999,155
Increase(+)/Decrease(-) in current liabilities		(622,564)	(8,509,833)
Cash flow from / (used in) operating activities		3,405,565	(80,485)
Investing activities			
Acquisition of equipment, tools, fixtures and fittings		(167,980)	–
Acquisition of financial assets		(400,000)	–
Repayment of financial receivables		(2,829)	2,639
Cash flow from / (used in) investing activities		(570,809)	2,639
Financing activities			
Cash flow from financing activities		–	–
Change in cash and cash equivalents		2,834,756	(77,846)
Cash and cash equivalents at beginning of year		34,904,754	34,982,600
Cash and cash equivalents at year-end	15	37,739,510	34,904,754

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 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

Amounts in SEK

Particulars	Year ended December 31,	
	2019	2018
Percentage of sales relating to group companies	83.5%	90.7%
Percentage of purchases relating to group companies	15.4%	8.2%

Operating income per region

Particulars	Year ended December 31,	
	2019	2018
Sweden	75,465,579	74,515,282
Denmark	297,359	7,654,300
Norway	(1,706,717)	–
	74,056,221	82,169,582

Note 3 Auditor's remuneration

Amounts in SEK

Particulars	Year ended December 31,	
	2019	2018
Fees and expenses		
Deloitte AB		
Audit assignment	137,000	145,000
	137,000	145,000

Note 4 Leasing

Operational leasing agreements - lessee

The years total expensed leasing charges for operating expenses amount to SEK 3 220 474 (3 886 344).

Future minimum lease payments for non-cancellable leases, falling due for payment as follows:

Amounts in SEK

Particulars	Year ended December 31,	
	2019	2018
Maturity dates		
Within one year	3,495,502	882,476
Between two and five years	284,200	–
After five years	–	–
	3,779,702	882,476

Note 5 Personnel

Amounts in SEK

Particulars	Year ended December 31,	
	2019	2018
Average number of employees		
Average number of employees, men	30	36
Average number of employees, women	14	16
Total	44	52
Gender distribution of board and management		
Women:		
board members	–	–
other persons in company management including CEO	–	–
Men:		
board members	2	2
other persons in company management including CEO	–	–
Total	2	2
Wages/Salaries and remunerations		
Wages/Salaries and remunerations amounts to		
Wages, salaries and remunerations	37,339,612	43,263,034
Pensions costs	6,764,002	6,696,098
Social security costs	11,285,968	13,119,217
	55,389,582	63,078,349

Note 6 Equipment, tools fixtures and fittings

Amounts in SEK

Particulars	Year ended December 31,	
	2019	2018
Opening cost of acquisition	–	–
Purchases	167,980	–
Closing accumulated cost of acquisition	167,980	–
Opening depreciation	–	–
Depreciation for the year	(5,862)	–
Closing accumulated depreciation	(5,862)	–
Closing carrying amount	162,118	–

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

Amounts in SEK

Particulars	Year ended December 31,	
	2019	2018
Interest income, other	–	2,639
Exchange rate differences	–	106,671
	–	109,310

Note 8 Interest expense and similar profit/(loss) items

Amounts in SEK

Particulars	Year ended December 31,	
	2019	2018
Interest expense, bank	(2,829)	–
Exchange rate differences	(159,313)	–
	(162,142)	–

Note 9 Tax on profit for the year

Amounts in SEK

Particulars	Year ended December 31,	
	2019	2018
Current tax expense (-)/ tax income (+)		
Tax expense for the period	–	–
Adjustments, tax previous years	–	–
	–	–

Reconciliation current tax

Amounts in SEK

Particulars	Percent	Amount	Percent	Amount
Profit/(loss) before tax		6,595,894		2,816,902
Tax according to current tax rate (21,4% (22%))	21.4%	(1,411,521)	(22.0%)	(619,718)
Non-deductible costs	(0.3%)	(17,266)	(0.8%)	(22,797)
Non-taxable income	0.0%	–	0.0%	–
Effect of temporary differences	(11.1%)	(732,201)	(25.2%)	(711,228)
Taxes, previous year	0.0%	–	0.0%	–
Effect of changed tax rates /and taxation rules	0.0%	–	0.0%	–
Loss carry forwards, excluding deferred tax	32.8%	2,160,988	48.1%	1,353,743
Declared effective tax	0.0%	–	0.0%	–

Note 10 Other long-term receivables

Amounts in SEK

Particulars	As at December 31,	
	2019	2018
Opening cost of acquisition	–	–
Paid deposits	400,000	–
Closing carrying amount	400,000	–

Note 11 Prepaid expenses and accrued income

Amounts in SEK

Particulars	As at December 31,	
	2019	2018
Prepaid insurance	–	–
Prepaid rent	–	222,976
Accrued income	–	69,488
	–	292,464

Note 12 Equity

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

Note 13 Accrued expenses and deferred income

Amounts in SEK

Particulars	As at December 31,	
	2019	2018
Accrued salary	5,837,724	4,046,992
Accrued vacation pay	2,532,236	2,723,865
Other accrued expenses	2,287,316	6,547,178
	10,657,276	13,318,035

Note 14 Cash in cash flow

Amounts in SEK

Particulars	Year ended December 31,	
	2019	2018
Interest- and dividend income	2,829	-2,639
	2,829	-2,639

Note 15 Cash in cash flow

Amounts in SEK

Particulars	Year ended December 31,	
	2019	2018
Bank balance	37,739,510	34,904,754
	37,739,510	34,904,754

Note 16 Group information

Infosys Ltd, (L85110KA1981PLC013115), Hosur Road Bangalore 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.

Stockholm June 2, 2020

Mohit Joshi
Chairman of the board

Eric Stephen Paternoster
Member of the board

Auditor's report was submitted on June 2, 2020
Deloitte AB

Andreas Frountzos
Leading auditor

Infy Consulting B.V.

(formerly Lodestone Management Consultants 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 31st December 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 December 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, read with relevant rule issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Registration Number. 006673S
UDIN : 20202841AAABST1306

(M Rathnakar Kamath)
Partner
Membership Number. 202841

Place: Bengaluru.
Date: March 16, 2020

Balance Sheet

(in ₹)

Particulars	Note no.	As at December 31, 2019	As at December 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	–	5,43,434
Capital work-in-progress			
Financial assets			
Loans	2.2	4,06,267	75,38,898
Income tax assets, net	2.13	41,64,631	2,47,56,000
Total non-current assets		45,70,898	3,28,38,332
Current assets			
Financial assets			
Trade receivables	2.4	5,84,95,218	9,29,73,464
Cash and cash equivalents	2.5	18,98,14,650	10,75,94,322
Loans	2.2	8,31,839	19,26,997
Other financial assets	2.3	82,153	1,19,84,274
Other current assets	2.6	2,84,94,375	61,26,614
Total current assets		27,77,18,235	22,06,05,671
Total assets		28,22,89,133	25,34,44,003
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.8	53,27,009	53,27,009
Other equity		12,69,79,198	13,64,68,589
Total equity		13,23,06,207	14,17,95,598
Liabilities			
Non-current liabilities			
Financial liabilities			
Other non-current liabilities	2.13	8,31,839	–
Total non-current liabilities		8,31,839	–
Current liabilities			
Financial liabilities			
Trade payables	2.9	65,51,495	2,25,47,476
Other financial liabilities	2.10	10,28,12,670	7,56,49,041
Other current liabilities	2.11	3,96,81,985	1,34,51,856
Provisions	2.12	1,04,905	–
Income tax liabilities (net)	2.13	32	32
Total current liabilities		14,91,51,087	11,16,48,405
Total equity and liabilities		28,22,89,133	25,34,44,003

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
Infy Consulting B.V.

Walter Johan Schulze
Director

Bengaluru
March 16,2020

Statement of Profit and Loss

in ₹, except equity share and per equity share data

Particulars	Note No.	Year ended December 31,	
		2019	2018
Revenue from operations	2.14	52,96,01,159	56,46,89,313
Other income, net	2.15	3,01,64,843	1,49,19,176
Total income		55,97,66,002	57,96,08,489
Expenses			
Employee benefit expenses	2.16	33,51,39,714	35,68,51,668
Cost of technical sub-contractors		3,53,42,020	90,16,469
Travel expenses		3,33,95,190	5,76,82,550
Cost of software packages and others	2.16	88,39,676	–
Communication expenses		35,04,491	51,34,310
Consultancy and professional charges		2,37,79,879	4,51,47,107
Depreciation and amortization expense	2.1	5,35,200	16,74,850
Other expenses	2.16	2,40,69,484	1,69,52,005
Total expenses		46,46,05,654	49,24,58,959
Profit before tax		9,51,60,348	8,71,49,530
Tax expense			
Current tax	2.13	2,58,92,506	2,73,31,381
Profit for the Year		6,92,67,842	5,98,18,149
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		3,12,767	82,28,200
Total other comprehensive income/(loss), net of tax		3,12,767	82,28,200
Total comprehensive income for the year		6,95,80,609	6,80,46,349
Earnings per equity share			
Equity shares of par value EUR 5 each			
Basic and Diluted (₹)		3,848.21	3,323.23
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

M. Rathnakar Kamath
Partner
Membership number : 202841

Bengaluru
March 16,2020

for and on behalf of the Board of Directors of
Infy Consulting B.V.

Walter Johan Schulze
Director

Statement of Changes in Equity

in ₹

Particulars	Equity share capital	Other equity		Total equity attributable to equity holders of the Company
		Reserves and Surplus	Other comprehensive income	
		Retained earnings	Exchange difference on translation	
Balance as of January 1, 2018	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				
Dividend Paid	–	(21,97,44,000)	–	(21,97,44,000)
Currency translation	–	–	82,28,200	82,28,200
Profit for the year	–	5,98,18,149	–	5,98,18,149
Balance as of December 31, 2018	53,27,009	11,76,43,699	1,88,24,890	14,17,95,598
Changes in equity for the year ended December 31, 2019				
Dividend Paid	–	(7,90,70,000)	–	(7,90,70,000)
Currency translation	–	–	3,12,767	3,12,767
Profit for the year	–	6,92,67,842	–	6,92,67,842
Balance as of December 31, 2019	53,27,009	10,78,41,541	1,91,37,657	13,23,06,207

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
Infy Consulting B.V.

Walter Johan Schulze
Director

Bengaluru
March 16,2020

Statements of Cash Flows

(in ₹)

Particulars	Year ended December 31,	
	2019	2018
Cash flows from operating activities		
Profit for the year	6,92,67,842	5,98,18,149
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation expense	5,35,200	16,74,850
Income tax expense	2,58,92,506	2,73,31,381
(Reversal)/Allowance for credit losses on financial assets	(10,48,626)	7,93,800
Interest and dividend income	–	(16,75,252)
Other adjustments	1,08,947	(1,01,184)
Exchange differences on translation of assets and liabilities	3,16,959	81,21,032
Changes in assets and liabilities		
Trade receivables and unbilled revenue	3,55,26,872	(66,62,397)
Other financial assets and other assets	(1,04,65,640)	81,29,307
Trade payables	(1,59,95,981)	(1,99,15,235)
Other financial liabilities, other liabilities and provisions	5,42,25,597	(1,62,34,696)
Cash generated from operations	15,83,63,676	6,12,79,755
Income taxes paid	(53,01,137)	(6,39,42,450)
Net cash from / (used in) operating activities	15,30,62,539	(26,62,695)
Cash flow from investing activities		
Loan to Parent Company	–	22,98,10,155
Loans to employees	82,27,789	25,22,882
Interest and dividend received on investments	–	16,75,252
Net cash used in investing activities	82,27,789	23,40,08,289
Cash flow from financing activities		
Dividend Paid	(7,90,70,000)	(21,97,44,000)
Net cash used in financing activities	(7,90,70,000)	(21,97,44,000)
Net (decrease)/increase in cash and cash equivalents	8,22,20,328	1,16,01,594
Cash and cash equivalents at the beginning of the year	10,75,94,322	9,59,92,728
Cash and cash equivalents at the end of the year	18,98,14,650	10,75,94,322

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
Infy Consulting B.V.

Walter Johan Schulze
Director

Bengaluru
March 16,2020

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 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 INR.

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

The Company derives revenues primarily from consultancy services.

Effective January 1, 2019, 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 January 1, 2019. 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 for software related services are either on a fixed-timeframe or on a time-and-material basis.

1.5.1 T&M

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.

1.5.2 FP

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.

1.5.3 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).

1.5.4 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 Ind AS 115 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.

1.5.6 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.

1.5.7 Tax

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 warranties

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

1.8 Onerous contracts

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

1.9 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are

ready for use, as intended by management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets

are as follows:

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

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

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

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

1.10 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 EUR. 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 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 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. 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 (January 1, 2020). The effect of adoption is not expected to material for the company's financial statements

2.1 Property, Plant and Equipment

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

(in ₹)

Particulars	Office Equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2019	59,105	91,97,508	6,13,275	98,69,888
Translation difference	81	12,649	843	13,573
Gross carrying value as of December 31, 2019	59,186	92,10,157	6,14,118	98,83,461
Accumulated depreciation as of January 1, 2019	59,105	86,54,074	6,13,275	93,26,454
Depreciation	–	5,35,200	–	5,35,200

Particulars	Office Equipment	Computer equipment	Furniture and fixtures	Total
Translation difference	81	20,883	843	21,807
Accumulated depreciation as of December 31, 2019	59,186	92,10,157	6,14,118	98,83,461
Carrying value as of December 31, 2019	–	–	–	–
Carrying value as of January 1, 2019	–	5,43,434	–	5,43,434

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

2.2 Loans

(in ₹)

Particulars	As at December 31	
	2019	2018
NON-CURRENT		
Unsecured, considered good		
Other loans		
Loans to employees	4,06,267	75,38,898
Unsecured, considered doubtful		
Loan to Parent Company	–	–
	4,06,267	75,38,898
CURRENT		
Loan receivables considered good - Unsecured		
Other loans		
Loans and advances to employees	8,31,839	19,26,997
	8,31,839	19,26,997
Total loans	12,38,106	94,65,895

2.3 Other financial assets

(in ₹)

Particulars	As at December 31	
	2019	2018
Current		
Others (2)	82,153	1,19,84,274
Total	82,153	1,19,84,274
(1) Financial assets carried at amortized cost	82,153	1,19,84,274
(2) Includes dues from related party (Refer to Note No.2.18)	82,153	1,19,84,274

2.4 Trade receivables

(in ₹)

Particulars	As at December 31	
	2019	2018
Current		
Unsecured		
Considered good	5,84,95,218	9,29,73,464
Considered doubtful	–	10,76,502
	5,84,95,218	9,40,49,966
Less: Allowances for credit loss	–	(10,76,502)
	5,84,95,218	9,29,73,464
(1) Includes dues from related parties (Refer to Note No.2.18)	5,84,95,218	9,40,49,966

2.5 Cash and cash equivalents

(in ₹)

Particulars	As at December 31	
	2019	2018
Balances with banks		
In current accounts	18,98,14,650	10,75,94,322
Total Cash and cash equivalents	18,98,14,650	10,75,94,322

2.6 Other assets

(in ₹)

Particulars	As at December 31	
	2019	2018
Current		
Others		
Prepaid expenses	2,29,01,026	60,502
Withholding taxes and others	55,93,349	60,66,112
Total Current other assets	2,84,94,375	61,26,614

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	
	2019	2018
Assets		
Cash and cash equivalents (Refer to Note No. 2.5)	18,98,14,650	10,75,94,322
Trade receivables (Refer to Note No. 2.4)	5,84,95,218	9,29,73,464
Loans (Refer to Note No.2.2)	12,38,106	94,65,895
Other financial assets (Refer to Note No.2.3)	82,153	1,19,84,274
Total	24,96,30,127	22,20,17,955
Liabilities		
Trade payables (Refer to Note No. 2.9)	65,51,495	2,25,47,476
Other financial liabilities (Refer to Note No.2.10)	7,62,04,591	6,04,31,287
Total	8,27,56,086	8,29,78,763

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 ₹5,84,95,218 and ₹9,29,73,464 as of December 31, 2019 and December 31, 2018, respectively and unbilled revenue amounting to Nil as of December 31, 2019 and December 31, 2018, 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, 2019 was ₹10,48,6269 and a lifetime ECL provision of ₹ 7,93,800 for the year ending December 31, 2018 respectively.

(in ₹)

Particulars	Year ended December 31,	
	2019	2018
Balance at the beginning	10,76,502	1,52,462
Impairment loss recognized / reversed	(10,48,626)	7,93,800
Translation differences	(27,876)	1,30,240
Balance at the end	–	10,76,502

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.

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, 2019, the Company had a working capital of ₹11,98,20,972 including cash and cash equivalents of ₹18,98,14,650. 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.

2.8 Equity

Equity share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2019	2018
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, 2019		As at December 31, 2018	
	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 31,2019.

2.9 Trade payables

(in ₹)

Particulars	As at December 31,	
	2019	2018
Trade payables (1)	65,51,495	2,25,47,476
Total trade payables	65,51,495	2,25,47,476
(1) Includes dues to related parties (Refer to Note No.2.18)	18,76,794	77,46,921

2.10 Other financial liabilities

(in ₹)

Particulars	As at December 31,	
	2019	2018
CURRENT		
Others		
Accrued compensation to employees	3,51,81,323	4,74,20,392
Accrued expenses (1)	3,89,81,340	52,32,452
Compensated absences	2,66,08,079	1,52,17,754
Other payables (2)	20,41,928	77,78,443
TOTAL FINANCIAL LIABILITIES	10,28,12,670	7,56,49,041
Financial liability carried at amortized cost	7,62,04,591	6,04,31,287
(1) Includes dues to related party (Refer to Note No.2.18)	81,70,117	7,83,092
(2) Includes dues to related parties (Refer to Note No.2.18)	10,85,515	77,78,442

2.11 Other liabilities

(in ₹)

Particulars	As at December 31,	
	2019	2018
NON-CURRENT		
Unsecured, considered doubtful		
Loans to employees	8,31,839	–
	8,31,839	–
CURRENT		
Unearned revenue	2,63,02,643	8
Others		
Withholding taxes and others	1,33,79,342	1,34,51,848
Total other liabilities	4,05,13,824	1,34,51,856

2.12 Provisions

(in ₹)

Particulars	As at December 31,	
	2019	2018
CURRENT		
Others		
Post-sales client support and warranties	1,04,905	–
Total provisions	1,04,905	–

2.13 Income taxes

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

(in ₹)

Particulars	Year ended December 31,	
	2019	2018
Current taxes	2,58,92,506	2,73,31,381
Income tax expense	2,58,92,506	2,73,31,381

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

(in ₹)

Particulars	Year ended December 31,	
	2019	2018
Profit before income tax	9,51,60,348	8,71,49,530
Enacted tax rates in Netherlands (%)	25.00%	25.00%
Computed expected tax expense	2,37,90,087	2,17,87,383
Tax provisions /(reversals)	21,13,598	55,43,998
Others	(11,179)	–
Income tax expense	2,58,92,506	2,73,31,381

The applicable Netherlands statutory tax rate for year ended December 31, 2019 and December 31, 2018 is 25 %.

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

(in ₹)

Particulars	Year ended December 31,	
	2019	2018
Income tax assets	41,64,631	2,47,56,000
Current income tax liabilities	32	32
Net current income tax assets / (liability) at the end	41,64,599	2,47,55,968

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

(in ₹)

Particulars	Year ended December 31,	
	2019	2018
Net current income tax asset / (liability) at the beginning	2,47,55,968	(1,18,55,101)
Income tax paid	53,01,137	6,39,42,450
Current income tax expense (Refer to Note No.2.13)	(2,58,92,506)	(2,73,31,381)
Net current income tax asset / (liability) at the end	41,64,599	2,47,55,968

2.14 Revenue from operations

(in ₹)

Particulars	Year ended December 31,	
	2019	2018
Income from consultancy services	52,96,01,159	56,46,89,313
	52,96,01,159	56,46,89,313

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers by offerings for the year ended December 31, 2019. 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 ₹)

Particulars	Year ended December 31, 2019
Revenue by offerings	
Core	47,66,28,863
Digital	5,29,72,296
Total	52,96,01,159

Digital Services

Digital Services comprise of service and solution offerings of the Company that enable our clients to transform their businesses. These include offerings that enhance customer experience, leverage AI-based analytics and big data, engineer digital products and IoT, modernize legacy technology systems, migrate to cloud applications and implement advanced cyber security systems.

Core Services

Core Services comprise traditional offerings of the Company that have scaled and industrialized over a number of years. These primarily include application management services, proprietary application development services, independent validation solutions, product engineering and management, infrastructure management services, traditional enterprise application implementation, support and integration services.

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 at December 31, 2019, other than those meeting the exclusion criteria mentioned above, is ₹2,63,02,635 . Out of this, the Company expects to recognize revenue of around 100% within the next one year and the remaining thereafter. The contracts can generally be terminated by the customers and typically includes an enforceable termination penalty payable by them.

The impact on account of applying the erstwhile Ind AS 18 Revenue standard instead of Ind AS 115 Revenue from contract with customers on the financials results of the Group for the year ended December 31, 2019 is insignificant.

2.15 Other income

(in ₹)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Interest received on financial assets carried at amortized cost		
Deposits with banks and others	–	16,75,252
Exchange gains / (losses) on translation of other assets and liabilities	(5,83,802)	(4,01,224)
Miscellaneous income, net	3,07,48,645	1,36,45,148
	3,01,64,843	1,49,19,176

2.16 Expenses

(in ₹)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Employee benefit expenses		
Salaries including bonus	33,43,31,420	35,56,53,487
Staff welfare	8,08,294	11,98,181
	33,51,39,714	35,68,51,668
Cost of software packages and others		
Third-party items bought for service delivery to clients	88,39,676	–
	88,39,676	–

(in ₹)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Other expenses		
Power and fuel	1,05,905	1,08,685
Brand and marketing	33,08,301	23,68,405
Operating lease payments	1,70,66,972	70,64,512
Rates and taxes	(8,94,037)	18,79,419
Repairs and maintenance	45,40,145	34,99,286
Insurance	6,26,162	3,70,913
Provision/(Reversals) for post-sales client support	1,08,947	(1,01,184)
(Reversal)/Allowances for credit losses on financial assets	(10,48,626)	7,93,800
Others	2,55,715	9,68,169
	2,40,69,484	1,69,52,005

2.17 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period are as follows :

in ₹

Particulars	Year ended December 31,	
	2019	2018
Lease rentals recognized during the year	1,70,66,972	70,64,512

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,	
	2019	2018
Future minimum lease payable		
Not later than 1 year	88,02,993	–
Later than 1 year and not later than 5 years	87,40,268	–
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 company	Country	Holding as at December 31,	
		2019	2018
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland	100%	100%

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

List of related parties:

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)[(25)]	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	Chile
Infosys Arabia Limited[(2)]	Saudi Arabia
Infosys Consulting Ltda.[(2)]	Brazil
Infosys CIS LLC[(1)(18)]	Russia
Infosys Luxembourg S.a.r.l [(1)(13)]	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)[(3)]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc[(19)]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o.[(4)]	Czech Republic
Infosys Poland Sp z.o.o[(4)]	Poland
Infosys McCamish Systems LLC [(4)]	US
Portland Group Pty Ltd[(4)]	Australia
Infosys BPO Americas LLC.[(4)]	US

Name of subsidiaries	Country
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc.(5)(11)	US
Infosys Management Consulting Pty Limited(5)	Australia
Infosys Consulting AG(5)	Switzerland
Infosys Consulting GmbH(5)	Germany
Infosys Consulting S.R.L.(1)	Romania
Infosys Consulting SAS(5)	France
Infosys Consulting s.r.o.(5)	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd.(formerly Lodestone Management Consultants Co., Ltd)(5)	China
Infy Consulting Company Ltd(5)	UK
Infy Consulting B.V.(5)	The Netherlands
Infosys Consulting Sp. z.o.o(5)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (5)	Portugal
Infosys Consulting S.R.L.(5)	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)(6)	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd.(7)	Israel
Panaya GmbH(7)	Germany
Panaya Japan Co. Ltd(26)(7)	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited(8)	UK
Brilliant Basics (MENA) DMCC(8)(26)	UAE
Infosys Consulting Pte Limited (Infosys Singapore)(1)	Singapore
Infosys Middle East FZ LLC(9)	UAE
Fluido Oy(9)(14)	Finland
Fluido Sweden AB (Extero)(15)	Sweden
Fluido Norway A/S(15)	Norway
Fluido Denmark A/S(15)	Denmark
Fluido Slovakia s.r.o(15)	Slovakia
Fluido Newco AB(15)	Sweden
Infosys Compaz Pte. Ltd (formerly Trusted Source Pte. Ltd) (16)	Singapore
Infosys South Africa (Pty) Ltd(9)(17)	South Africa
WongDoody Holding Company Inc. (WongDoody) (10)	US
WDW Communications, Inc(12)	US
WongDoody, Inc(12)	US
HIPUS(20)	Japan
Stater N.V.(21)	The Netherlands
Stater Nederland B.V.(22)	The Netherlands
Stater Duitsland B.V.(22)	The Netherlands
Stater XXL B.V.(22)	The Netherlands
HypoCasso B.V.(22)	The Netherlands
Stater Participations B.V.(22)	The Netherlands
Stater Deutschland Verwaltungs-GmbH(23)	Germany
Stater Deutschland GmbH & Co. KG(23)	Germany

Stater Belgium N.V./S.A.(24) Belgium

(1) Wholly-owned subsidiary of Infosys Limited

(2) Majority-owned and controlled subsidiary of Infosys Limited

(3) Liquidated effective November 17, 2019

(4) Wholly-owned subsidiary of Infosys BPM Limited

(5) Wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(7) Wholly-owned subsidiary of Panaya Inc.

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

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

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

(11) Liquidated effective May 4, 2018

(12) Wholly-owned subsidiary of WongDoody

(13) Incorporated effective August 6, 2018

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

(15) Wholly-owned subsidiary of Fluido Oy

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

(17) Incorporated effective December 19,2018

(18) Incorporated effective November 29, 2018

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

(20) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd, Japan

(21) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V.

(22) Majority-owned and controlled subsidiaries of Stater N.V.

(23) Majority-owned and controlled subsidiaries of Stater Duitsland B.V.

(24) Majority-owned and controlled subsidiaries of Stater Participations B.V.

(25) Effective October 1, 2019, merged into Infosys Consulting Ltda, a majority owned and controlled subsidiary of Infosys Limited

(26) Under Liquidation

The details of amounts due to or due from related parties as at December 31, 2019 and December 31, 2018 are as follows :

(in ₹)

Particulars	As at December 31	
	2019	2018
Trade receivables		
Infosys Limited	–	26,34,117
Infosys Consulting GmbH	32,12,191	88,13,849
Infosys Consulting Sp. Z.o.o.	8,31,719	8,03,75,316
Infy Consulting Company Ltd.	4,71,69,391	–
Infosys Consulting Belgium	9,03,045	22,26,684
Infosys Consulting SAS	3,78,298	–
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	14,96,237	–
Infosys Consulting Pte Ltd	9,07,218	–
Infosys Consulting Ltda.	4,17,580	–
Lodestone Management Consultants Portugal, Unipessoal, Lda.	33,677	–
S.C. Infosys Consulting S.R.L.	16,62,413	–
Infosys Consulting (Shanghai) Co., Ltd.	3,82,741	–
Infosys Consulting S.R.L.	3,33,316	–
Infosys Management Consulting Pty Limited	7,67,392	–
	5,84,95,218	9,40,49,966
Other financial assets		
Infosys Consulting GmbH	–	43,80,316
Infosys Consulting Sp. Z.o.o.	–	4,68,020
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
Infosys Consulting (Shanghai) Co., Ltd.	–	3,81,041
Infosys Consulting S.R.L.	82,153	82,040
Infosys Management Consulting Pty Limited	–	5,97,495
	82,153	1,19,84,274
Trade payables		
Infosys Consulting Sp. Z.o.o.	1,76,182	–
Infy Consulting Company Ltd.	17,00,612	77,46,921
	1,876,794	7,746,921
Other Financial Liabilities		
Infosys Consulting GmbH	–	39,88,781
Infosys Consulting AG	–	16,01,896
Infosys Consulting Belgium	–	9,38,363
Infosys Consulting Holding AG	–	1,50,836
Infosys Limited	10,85,515	10,98,566
	1,085,515	7,778,442

Particulars	As at December 31	
	2019	2018
Accrued expenses		
Infosys Limited	81,70,117	7,83,092
	81,70,117	7,83,092

(in ₹)

Particulars	For the year ended December 31	
	2019	2018
Revenue transactions		
Purchase of shared services including facilities and personnel		
Infosys Consulting Belgium S.A.	19,76,110	27,60,507
Infosys Consulting GmbH	–	1,37,85,833
Infosys Consulting Holding AG	–	1,51,830
Infosys Poland Sp z.o.o	1,73,883	–
Infosys Consulting AG	20,74,899	27,39,898
Infy Consulting Company Ltd.	88,34,709	93,87,326
	1,30,59,601	2,88,25,394
Interest income		
Infosys Consulting Holding AG	–	16,75,252
	–	16,75,252
Sale of services		
Infosys Consulting AG	2,04,45,221	24,26,327
Infosys Consulting GmbH	6,02,99,702	44,04,959
Infy Consulting Company Ltd.	44,34,83,284	23,54,916
Infosys Consulting S.R.L.	3,29,280	82,502
Infosys Management Consulting Pty Limited	19,50,647	6,00,856
Infosys Consulting (Belgium) NV	5,40,925	17,47,401
Infosys Consulting Ltda.	12,03,240	6,27,697
Infosys Consulting (Shanghai) Co., Ltd.	3,78,106	3,83,185
Lodestone Management Consultants Portugal, Unipessoal, Lda.	33,269	22,991
S.C. Infosys Consulting S.R.L.	16,42,281	1,33,551
Infosys Consulting Pte Ltd.	8,96,232	2,62,726
Infosys Consulting SAS	3,73,717	1,27,385
Infosys Consulting Sp. z.o.o.	17,55,776	4,70,653
	53,33,31,680	1,36,45,149

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.

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Infosys Consulting (Shanghai) Co. Ltd

Independent Auditor's Report

To the Members of Infosys Consulting (Shanghai) Co., Ltd.

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys Consulting (Shanghai) Co., Ltd.(formerly Lodestone Management Consultants Co., Ltd) ('the company'), which comprises the Balance Sheet as at 31st December 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 December 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, read with relevant rule issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Registration Number. 006673S

M Rathnakar Kamath
Partner
Membership Number. 202841

UDIN : 20202841AAABSP4775

Place: Bengaluru.
Date: March 16, 2020

Balance Sheet

in ₹

Particulars	Note no.	As at December 31,	
		2019	2018
Assets			
Non-current assets			
Property, plant and equipment	2.1	27,37,166	1,15,15,104
Total non-current assets		27,37,166	1,15,15,104
Current assets			
Financial assets			
Trade receivables	2.3	4,24,67,121	17,75,31,442
Cash and cash equivalents	2.4	4,21,58,435	10,68,61,595
Loans	2.2	–	13,83,502
Other financial assets	2.5	2,87,30,083	3,16,06,857
Other current assets	2.6	6,26,884	35,78,634
Total current assets		11,39,82,523	32,09,62,030
Total assets		11,67,19,689	33,24,77,134
Equity and liabilities			
Equity			
Equity share capital	2.8	43,08,31,210	43,08,31,210
Other equity		(2,26,83,06,427)	(2,11,56,44,935)
Total equity		(1,83,74,75,217)	(1,68,48,13,725)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	2.9	1,33,12,45,384	90,22,72,823
Total non-current liabilities		1,33,12,45,384	90,22,72,823
Current liabilities			
Financial liabilities			
Trade payables	2.11	9,05,77,596	24,56,57,070
Other financial liabilities	2.10	51,74,15,595	82,11,48,547
Other current liabilities	2.12	27,68,382	2,82,28,723
Provisions	2.13	1,21,87,949	1,30,91,250
Income tax liabilities, net	2.14	–	68,92,446
Total current liabilities		62,29,49,522	1,11,50,18,036
Total equity and liabilities		11,67,19,689	33,24,77,134

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 (Shanghai) Co. Ltd.

M. Rathnakar Kamath
Partner
Membership number : 202841

Stone Zhu
Director

Bengaluru
March 16, 2020

Statement of Profit and Loss

in ₹, except equity share and per equity share data

Particulars	Note no.	Year ended December 31, 2019	Year ended December 31, 2018
Revenue from operations	2.15	46,61,04,376	1,05,33,59,858
Other income, net	2.16	2,60,877	5,69,068
Total income		46,63,65,253	1,05,39,28,926
Expenses			
Employee benefit expenses	2.17	22,53,83,251	60,29,99,217
Travel expenses		3,12,40,357	15,37,17,442
Cost of technical sub-contractors		23,48,96,613	64,59,93,107
Communication expenses		28,47,000	65,28,925
Consultancy and professional charges		1,35,13,405	3,49,49,448
Finance cost		5,11,54,586	3,12,16,694
Depreciation expense	2.1	76,92,947	1,44,43,510
Other expenses	2.17	4,00,68,837	12,84,86,093
Total expenses		60,67,96,996	1,61,83,34,436
Loss before tax		(14,04,31,743)	(56,44,05,510)
Tax expense			
Current tax	2.14	(68,92,446)	(69,39,870)
Loss for the year		(13,35,39,297)	(55,74,65,640)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation		(1,91,22,195)	(2,92,08,908)
Total other comprehensive income, net of tax		(1,91,22,195)	(2,92,08,908)
Total comprehensive income/(loss) for the year		(15,26,61,492)	(58,66,74,548)

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 (Shanghai) Co. Ltd.

M. Rathnakar Kamath
Partner
Membership number : 202841

Stone Zhu
Director

Bengaluru
March 16, 2020

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, 2018	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)
Total Comprehensive income for the year	43,08,31,210	(2,10,38,31,870)	(1,18,13,065)	(1,68,48,13,725)
Balance as of December 31, 2018	43,08,31,210	(2,10,38,31,870)	(1,18,13,065)	(1,68,48,13,725)
Changes in equity for the year ended December 31, 2019				
Exchange differences on translation	–	–	(1,91,22,195)	(1,91,22,195)
Loss for the year	–	(13,35,39,297)	–	(13,35,39,297)
Balance as of December 31, 2019	43,08,31,210	(2,23,73,71,167)	(3,09,35,260)	(1,83,74,75,217)

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 (Shanghai) Co. Ltd.

M. Rathnakar Kamath
Partner
Membership number : 202841

Stone Zhu
Director

Bengaluru
March 16, 2020

Statements of Cash Flows

in ₹

Particulars	Note no.	Year ended December 31, 2019	Year ended December 31, 2018
Cash flows from operating activities			
Loss for the year		(13,35,39,297)	(55,74,65,640)
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation expense		76,92,947	1,44,43,510
Income tax expense		(68,92,446)	(69,39,870)
Provision for post-sales client support		(10,25,593)	15,42,230
Impairment loss recognized / (reversed) under expected credit loss model		1,44,750	(11,84,753)
Finance cost		5,11,54,586	3,12,16,694
Loss on sale of asset		12,51,016	3,90,865
Exchange differences on translation of assets and liabilities		(2,15,17,085)	(3,26,89,369)
Changes in assets and liabilities			
Trade receivables and unbilled revenue		13,31,97,502	17,88,19,927
Loans and other financial assets and other assets		86,84,759	16,80,256
Trade payables		(15,50,79,474)	8,13,29,061
Other financial liabilities, other liabilities and provisions		(32,93,15,958)	(6,91,85,164)
Cash used in operations		(44,52,44,293)	(35,80,42,253)
Net cash used in operating activities		(44,52,44,293)	(35,80,42,253)
Cash flow from investing activities			
Expenditure on property, plant and equipment, net of sale proceeds		12,16,991	21,77,550
Loans to employees		13,83,502	89,637
Net cash from investing activities		26,00,493	22,67,187
Cash flow from financing activities			
Loan taken from parent company		37,79,40,640	45,25,00,101
Net cash from financing activities		37,79,40,640	45,25,00,101
Net decrease in cash and cash equivalents		(6,47,03,160)	9,67,25,035
Cash and cash equivalents at the beginning of the year		10,68,61,595	1,01,36,560
Cash and cash equivalents at the end of the year		4,21,58,435	10,68,61,595

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 (Shanghai) Co. Ltd.

M. Rathnakar Kamath
Partner
Membership number : 202841

Stone Zhu
Director

Bengaluru
March 16, 2020

Significant accounting policies

Company overview

Infosys Consulting (Shanghai) Co. Ltd. (formerly 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

The Company derives revenues primarily from consultancy services.

Effective January 1, 2019, 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 January 1, 2019. 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 for software-related services are either on a fixed-timeframe or on a time-and-material basis.

1.5.1 T&M

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.

1.5.2 FP

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.

1.5.3 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).

1.5.4 Volume discounts

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.

1.5.5 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.

1.5.7 Tax

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

1.6 Provisions

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

1.7 Post-sales client support

The Company provides its clients with a fixed-period warranty for corrections of errors and 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 of 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 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.

1.14 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 costs 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.

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 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. 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 (January 1, 2020). The effect of adoption is not expected to be material for the company's financial statements

2.1 Property, plant and equipment

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

in ₹

Particulars	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2019	1,61,544	3,59,873	4,23,12,735	1,21,03,955	5,49,38,107
Additions	–	–	–	–	–
Deletions	(3,18,636)	–	(7,36,267)	(97,44,280)	(1,07,99,183)
Translation difference	1,57,092	3,542	7,25,135	37,26,770	46,12,539
Gross carrying value as of December 31, 2019	–	3,63,415	4,23,01,603	60,86,445	4,87,51,463
Accumulated depreciation as of January 1, 2019	(93,115)	(3,47,919)	(3,69,73,852)	(60,08,117)	(4,34,23,003)
Depreciation	(17,480)	(12,039)	(43,69,889)	(32,93,539)	(76,92,947)
Accumulated depreciation on deletions	2,17,662	–	7,81,557	73,31,957	83,31,176
Translation difference	(1,07,067)	(3,457)	(7,27,960)	(23,91,039)	(32,29,523)
Accumulated depreciation as of December 31, 2019	–	(3,63,415)	(4,12,90,144)	(43,60,738)	(4,60,14,297)
Carrying value as of December 31, 2019	–	–	10,11,459	17,25,707	27,37,166
Carrying value as of January 1, 2019	68,429	11,954	53,38,883	60,95,838	1,15,15,104

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 / Adjustments	1,61,914	3,11,732	–	10,70,551	15,44,197
Deletions / Adjustments	–	–	(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	97,369.00	59,151	1,34,89,613	1,04,39,816.00	2,40,85,949

2.2 Loans

in ₹

Particulars	As at December 31,	
	2019	2018
Current		
Unsecured, considered good		
Other loans		
Loans and advances to employees	–	13,83,502
Total current loans	–	13,83,502

2.3 Trade receivables

in ₹

Particulars	As at December 31	
	2019	2018
Current		
Unsecured		
Considered good [(1)]	4,24,67,121	17,75,31,442
Considered doubtful	1,41,545	11,58,081
	4,26,08,666	17,86,89,523
Less: Allowance for credit losses	1,41,545	11,58,081
Total trade receivables	4,24,67,121	17,75,31,442
[(1)] Includes dues from related parties (refer to Note 2.19)	1,56,12,783	17,23,78,015

2.4 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2019	2018
Balances with banks		
In current and deposit accounts	4,21,06,848	10,67,94,676
Cash on hand	51,587	66,919
Total cash and cash equivalents	4,21,58,435	10,68,61,595

2.5 Other financial assets

in ₹

Particulars	As at December 31,	
	2019	2018
Current		
Security deposits	1,02,60,000	1,01,60,000
Rental deposits	18,08,361	47,21,617
Unbilled revenues	47,77,903	19,21,668
Others [(1)]	1,18,83,819	1,48,03,572
Total current other financial assets	2,87,30,083	3,16,06,857
The above financial assets carried at amortized cost	2,87,30,083	3,16,06,857
[(1)] Includes dues from related parties (Refer note no. 2.19)	1,18,83,819	1,48,03,572

2.6 Other assets

in ₹

Particulars	As at December 31,	
	2019	2018
Current		
Others		
Prepaid expenses	6,18,386	27,82,398
Withholding taxes and others	8,498	7,96,236
Total current other assets	6,26,884	35,78,634

2.7 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of December 31, 2019 and December 31, 2018 were as follows:

in ₹

Particulars	As at December 31,	
	2019	2018
Assets		
Cash and cash equivalents (Refer to Note 2.4)	4,21,58,435	10,68,61,595
Trade receivables (Refer to Note 2.3)	4,24,67,121	17,75,31,442
Loans (Refer to Note 2.2)	–	13,83,502
Other financial assets (Refer to Note 2.6)	2,87,30,083	3,16,06,857
Total	11,33,55,639	31,73,83,396
Liabilities		
Trade payables (Refer to Note 2.11)	9,05,77,596	24,56,57,070
Borrowings (Refer to Note 2.9)	1,33,12,45,384	90,22,72,823
Other financial liabilities (Refer to Note 2.10)	50,78,02,642	81,01,35,534
Total	1,92,96,25,622	1,95,80,65,427

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, 2019 and December 31, 2018, the outstanding compensated absences were ₹ 96,12,953 and ₹11,013,013, 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 ₹ 4,24,67,121 and ₹ 17,75,31,442 as of December 31, 2019 and December 31, 2018, respectively and unbilled revenue amounting to ₹ 47,77,903 and ₹ 19,21,668 as of December 31, 2019 and December 31, 2018, 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 provision for lifetime ECL on customer balances for the year ended December 31, 2019 was ₹ 1,44,750 and reversal for the year ended December 31, 2018 was ₹ 11,84,753.

Particulars	Year ended December 31,	
	2019	2018
Balance at the beginning	11,59,802	22,53,827
Impairment loss recognized / reversed	1,44,750	(11,84,753)
Amounts written off	–	–
Translation differences	(11,34,166)	90,728
Balance at the end	1,70,386	11,59,802

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,	
	2019	2018
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,	
	2019	2018
Non-current		
Unsecured Loan from Parent Company (Refer to Note 2.19)	1,33,12,45,384	90,22,72,823
Total non-current borrowings	1,33,12,45,384	90,22,72,823
(1) Includes dues to fellow subsidiaries (Refer to Note 2.19)	1,33,12,45,384	90,22,72,823

2.10 Other financial liabilities

in ₹

Particulars	As at December 31,	
	2019	2018
Current		
Others		
Accrued compensation to employees	66,71,480	5,08,24,803
Accrued expenses (1)	4,44,14,193	8,17,54,901
Compensated absences	96,12,953	1,10,13,013
Other payables	45,67,16,969	67,75,55,830
	51,74,15,595	82,11,48,547
Total current other financial liabilities	51,74,15,595	82,11,48,547
Financial liability carried at amortized cost	50,78,02,642	81,01,35,534
(1) Includes dues to related parties (Refer note 2.19)	45,76,17,306	67,96,10,232

2.11 Trade payables

in ₹

Particulars	As at December 31,	
	2019	2018
Trade payables (1)	9,05,77,596	24,56,57,070
Total trade payables	9,05,77,596	24,56,57,070
(1)Includes dues to related parties (Refer to Note 2.19)	6,84,87,073	18,13,62,833

2.12 Other liabilities

in ₹

Particulars	As at December 31,	
	2019	2018
Current		
Unearned revenue	15,49,639	94,64,262
Others		
Withholding taxes and others	12,18,743	1,87,64,461
Others (1)	–	–
Total current other liabilities	27,68,382	2,82,28,723
(1) Includes dues to related parties (Refer to Note 2.19)	–	67,72,13,379

2.13 Provisions

in ₹

Particulars	As at December 31,	
	2019	2018
Current		
Others		
Post-sales client support	1,21,87,949	1,30,91,250
Total current provisions	1,21,87,949	1,30,91,250

Provision for post-sales client support

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

in ₹

Particulars	As at December 31,	
	2019	2018
Balance at the beginning	1,30,91,250	1,12,00,918
Provision recognized / (reversed)	(10,25,593)	15,42,230
Provision utilized	–	–
Exchange difference	1,22,292	3,48,102
Balance at the end	1,21,87,949	1,30,91,250

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

2.14 Income taxes

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

in ₹

Particulars	Year ended December 31,	
	2019	2018
Current taxes	(68,92,446)	(69,39,870)
Income tax expense	(68,92,446)	(69,39,870)

Current tax expense for the year ended December 31, 2019 includes reversals amounting to ₹ 68,92,446 pertaining to prior periods. Current tax expense for the year ended December 31, 2018 includes reversals amounting to ₹ 69,39,870 pertaining to prior periods.

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

in ₹

Particulars	Year ended December 31,	
	2019	2018
Profit / (Loss) before income tax	(14,04,31,743)	(56,44,05,510)
Enacted tax rates in China (%)	25.00%	25.00%
Computed expected tax expense	(3,51,07,936)	(14,11,01,378)
Tax reversals / (provisions)	(68,33,323)	(69,39,870)
Effect of unrecognized deferred tax assets	3,50,87,519	14,11,01,378
Others	(38,706)	–
Income tax expense	(68,92,446)	(69,39,870)

The applicable China statutory tax rate for the year ended December 2019 and December 2018 is 25%.

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

in ₹

	Year ended December 31,	
	2019	2018
Current income tax liabilities	–	68,92,446
Net current income tax assets / (liability) at the end	–	(68,92,446)

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

in ₹

	Year ended December 31,	
	2019	2018
Net current income tax asset / (liability) at the beginning	(68,92,446)	(1,33,10,527)
Current income tax expense (Refer to Note 2.14)	68,92,446	69,39,870
Translation difference	–	(5,21,789)
Net current income tax asset / (liability) at the end	–	(68,92,446)

2.15 Revenue from operations

in ₹

Particulars	Year ended December 31,	
	2019	2018
Income from consultancy services	46,61,04,376	1,05,33,59,858
Total revenue from operations	46,61,04,376	1,05,33,59,858

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.

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 at December 31, 2019, other than those meeting the exclusion criteria mentioned above, is ₹ NIL. Out of this, the Group expects to recognize revenue of around 100% within the next one year and the remaining thereafter. The contracts can generally be terminated by the customers and typically includes an enforceable termination penalty payable by them.

The impact on account of applying the erstwhile Ind-AS 18 Revenue standard instead of Ind-AS 115 Revenue from contract with customers on the financials results of the Group for the year ended December 31, 2019 is insignificant.

2.16 Other income

in ₹

Particulars	Year ended December 31,	
	2019	2018
Interest received on financial assets carried at amortized cost		
Deposits with banks and others	87,396	1,58,141
Miscellaneous income, net	1,73,481	4,10,927
Total other income	2,60,877	5,69,068

2.17 Expenses

in ₹

Particulars	Year ended December 31,	
	2019	2018
Employee benefit expenses		
Salaries including bonus	22,37,29,015	59,43,28,164
Staff welfare	16,54,236	86,71,053
Total employee benefit expenses	22,53,83,251	60,29,99,217

in ₹

Particulars	Year ended December 31,	
	2019	2018
Other expenses		
Power and fuel	3,44,159	2,89,191
Brand and marketing	34,46,660	86,19,852
Operating lease payments	1,33,96,636	2,35,46,054
Rates and taxes	2,93,649	59,31,373
Repairs and maintenance	44,94,825	99,55,281
Insurance	5,33,849	7,56,447
Provision for post-sales client support	(10,25,593)	15,42,230
Impairment loss recognized / (reversed) on financial assets	1,44,750	(11,84,753)
Others	1,84,39,902	7,90,30,418
Total other expenses	4,00,68,837	12,84,86,093

2.18 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period are as follows:

in ₹

Particulars	Year ended December 31,	
	2019	2018
Lease rentals recognized during the year	1,33,96,636	2,35,46,054

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,	
	2019	2018
Not later than 1 year	36,32,110	77,45,456
Later than 1 year and not later than 5 years	–	20,86,970
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	
		2019	2018
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland	100%	100%

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

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

List of related parties:

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)[25]	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	Chile
Infosys Arabia Limited[2]	Saudi Arabia
Infosys Consulting Ltda.[2]	Brazil
Infosys CIS LLC[1][18]	Russia
Infosys Luxembourg S.a.r.l [1][13]	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)[3]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc.[19]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o.[4]	Czech Republic
Infosys Poland Sp z.o.o[4]	Poland
Infosys McCamish Systems LLC [4]	US
Portland Group Pty. Ltd.[4]	Australia
Infosys BPO Americas LLC[4]	US
Lodestone Management Consultants Inc.[5][11]	US
Infosys Management Consulting Pty. Limited[5]	Australia
Infosys Consulting AG[5]	Switzerland
Infosys Consulting GmbH[5]	Germany
Infosys Consulting S.R.L.[1]	Romania
Infosys Consulting SAS[5]	France
Infosys Consulting s.r.o.[5]	Czech Republic
Infosys Consulting Company Ltd.[5]	UK
Infosys Consulting B.V.[5]	The Netherlands
Infosys Consulting Sp. z.o.o[5]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [5]	Portugal
Infosys Consulting S.R.L.[5]	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)[6]	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd.[7]	Israel
Panaya GmbH[7]	Germany
Panaya Japan Co. Ltd.[26][7]	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited[8]	UK
Brilliant Basics (MENA) DMCC[8][26]	UAE
Infosys Consulting Pte. Limited (Infosys Singapore)[1]	Singapore

Name of subsidiaries	Country
Infosys Middle East FZ LLC[9]	UAE
Fluido Oy[9][14]	Finland
Fluido Sweden AB (Extero)[15]	Sweden
Fluido Norway A / S[15]	Norway
Fluido Denmark A / S[15]	Denmark
Fluido Slovakia s.r.o[15]	Slovakia
Fluido Newco AB[15]	Sweden
Infosys Compaz Pte. Ltd. (formerly Trusted Source Pte. Ltd) [16]	Singapore
Infosys South Africa (Pty.) Ltd.[9][17]	South Africa
WongDoody Holding Company Inc. (WongDoody) [10]	US
WDW Communications, Inc.[12]	US
WongDoody, Inc.[12]	US
HIPUS[20]	Japan
Stater N.V.[21]	The Netherlands
Stater Nederland B.V.[22]	The Netherlands
Stater Duitsland B.V.[22]	The Netherlands
Stater XXL B.V.[22]	The Netherlands
HypoCasso B.V.[22]	The Netherlands
Stater Participations B.V.[22]	The Netherlands
Stater Deutschland Verwaltungs-GmbH[23]	Germany
Stater Deutschland GmbH & Co. KG[23]	Germany
Stater Belgium N.V./S.A.[24]	Belgium

(1) Wholly-owned subsidiary of Infosys Limited
(2) Majority-owned and controlled subsidiary of Infosys Limited
(3) Liquidated effective November 17, 2019
(4) Wholly-owned subsidiary of Infosys BPM Limited
(5) Wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Wholly-owned subsidiary of Panaya Inc.
(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(9) Wholly-owned subsidiary of Infosys Consulting Pte. Ltd.
(10) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
(11) Liquidated effective May 4, 2018
(12) Wholly-owned subsidiary of WongDoody
(13) Incorporated effective August 6, 2018
(14) On October 11, 2018, Infosys Consulting Pte. Ltd., acquired 100% of the voting interests in Fluido Oy and its subsidiaries
(15) Wholly-owned subsidiary of Fluido Oy
(16) On November 16, 2018, Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd.
(17) Incorporated effective December 19,2018
(18) Incorporated effective November 29, 2018
(19) Incorporated effective November 27, 2018, wholly-owned subsidiary Infosys Public Services Inc.
(20) On April 1, 2019, Infosys Consulting Pte. Ltd., acquired 81% of the voting interests in HIPUS Co., Ltd., Japan
(21) On May 23, 2019, Infosys Consulting Pte. Ltd., acquired 75% of the voting interests in Stater N.V.
(22) Majority-owned and controlled subsidiaries of Stater N.V.
(23) Majority-owned and controlled subsidiaries of Stater Duitsland B.V.
(24) Majority-owned and controlled subsidiaries of Stater Participations B.V.
(25) Effective October 1, 2019, merged into Infosys Consulting Ltda, a majority-owned and controlled subsidiary of Infosys Limited
(26) Under liquidation

The details of amounts due to or due from related parties as at December 31, 2019 and December 31, 2018 are as follows:

(in ₹)

Particulars	As at December 31,	
	2019	2018
Trade receivables		
Infosys Technologies (China) Co. Limited (Infosys China)	25,003	93,29,246
Infosys Consulting AG	1,16,80,231	45,79,639
Infosys Consulting GmbH	6,58,960	9,90,11,312
Infosys Consulting Company Limited	32,48,589	3,75,15,751
Infosys Consulting Pte. Ltd.	–	2,19,42,067
	1,56,12,783	17,23,78,015
Other Receivables		
Infosys Consulting GmbH	–	6,42,399
Infosys Consulting Company Limited	–	13,466
Infosys Consulting Pte. Ltd.	1,18,83,819	1,41,47,707
	1,18,83,819	1,48,03,572
Borrowings		
Infosys Consulting Holding AG	1,33,12,45,384	90,22,72,823
	1,33,12,45,384	90,22,72,823
Trade payables		
Infosys Consulting AG	1,99,84,885	8,31,02,936
Infosys Consulting B.V.	3,82,741	–
Infosys Consulting Company Limited	1,41,285	1,33,590
Infosys Consulting Pte. Ltd.	4,79,78,162	9,81,26,307
	6,84,87,073	18,13,62,833
Other payables		
Infosys Consulting AG	21,49,88,560	34,97,22,432
Infosys Consulting Company Limited	–	8,66,42,952
Infosys Consulting Holding AG	24,11,69,600	23,88,29,027
Infosys Consulting B.V.	–	3,81,041
Infosys Limited	4,98,469	16,37,927
	45,66,56,629	67,72,13,379
Provision for expense		
Infosys Limited	9,60,677	23,96,853
	9,60,677	23,96,853

The details of amounts due to or due from related parties as at December 31, 2019 and December 31, 2018 are as follows:

in ₹

Particulars	As at December 31,	
	2019	2018
Capital transactions		
Financing transactions		
Loans (net of repayment)[1]		
Infosys Consulting Holding AG	1,33,12,45,384	48,37,16,795
	1,33,12,45,384	48,37,16,795
Revenue transactions		
Purchase of services, shared facilities and personnel		
Infosys Consulting AG	29,63,867	1,34,22,855
Infosys Consulting GmbH	–	6,03,393
Infosys Consulting Pte. Ltd.	46,01,264	68,81,319
Infosys Consulting B.V.	3,77,389	3,83,888
Infosys Consulting Holding AG	–	1,87,999
Infosys Consulting Company Limited	1,40,247	1,34,773
	80,82,767	2,16,14,227
Interest expense		
Infosys Consulting Holding AG	5,11,54,586	3,12,16,694
	5,11,54,586	3,12,16,694
Sale of services		
Infosys Technologies (China) Co. Limited (Infosys China)	38,36,643	1,81,81,193
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	14,68,41,931	2,03,50,383
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)	8,43,57,324	43,94,46,656
Infosys Consulting Company Limited (formerly Lodestone Management Consultants Ltd.)	6,51,49,430	11,93,32,679
Infosys Consulting Pte. Ltd. (formerly Lodestone Management Consultants Pte. Ltd.)	–	(11,08,364)
	30,01,85,328	59,62,02,547

[1] Includes Interest.

2.21 Segment reporting

The Company is engaged in providing consultancy service in a single geography. Based on the 'management approach', as defined in Ind-AS 108, Segment Reporting, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of 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.

Skava Systems Private Limited

Independent auditor's report

To The Members of Skava Systems Private Limited

Report on the Audit of 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, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow 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, 2020, and its loss, total comprehensive loss, the 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 ethical 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

We draw attention to Note 2.20 to the financial statements, which describes the Board of Directors of the Company authorized executed Business Transfer Agreement and related documents to transfer its business to Infosys Limited (Holding company), subject to securing the requisite regulatory approvals for a consideration based on an independent valuation.

Our opinion is not modified in respect of this matter.

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

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

Auditor's Responsibility 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 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 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 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.

e) On the basis of the written representations received from the directors of the Company as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 explanation given to us, the Company has not paid any managerial remuneration during the year ended March 31, 2020 and hence reporting under section 197 of the Act 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)
UDIN: 20110128AAAABK9903

Bengaluru, May 28, 2020

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 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, 2020 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 Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's 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 ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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 ICAI.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration number : 117366W/W-100018)

Gurvinder Singh
Partner
(Membership number :110128)

UDIN: 20110128AAAABK9903

Bengaluru, May 28, 2020

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 provide guarantees and hence reporting under Clause (iv) of the Order is not applicable to the Company.

v. The Company has not accepted any deposits during the year and does not have any unclaimed deposits as at March 31, 2020 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 been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income 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, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2020 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, Goods and Service Tax, Customs Duty, Cess and other material statutory taxes and duties as on March 31, 2020 on account of disputes.

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

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

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

xi. In our Opinion and according to the explanation given to us, the Company has not paid any managerial remuneration during the year ended March 31, 2020 and hence reporting under Clause (xi) of the Order is not applicable 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)

UDIN: 20110128AAAABK9903

Gurvinder Singh
Partner

(Membership number :110128)

Bengaluru, May 28, 2020

Balance Sheet

in ₹

Particulars	Note no.	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	6,08,27,269	5,40,08,115
Right-of-use assets	2.2	8,36,40,695	–
Financial assets			
Other financial assets	2.5	1,11,19,096	1,11,19,096
Other non current assets	2.8	13,42,627	18,30,853
Deferred tax assets (net)	2.14	1,50,46,882	7,79,64,688
Income tax assets (net)	2.14	57,19,522	40,14,797
Total non-current assets		17,76,96,091	14,89,37,549
Current assets			
Financial assets			
Investments	2.3	8,13,74,024	5,00,22,217
Trade receivables	2.6	34,98,03,514	34,94,15,679
Cash and cash equivalents	2.7	1,37,59,741	1,36,76,390
Loans	2.4	39,24,037	36,67,616
Other financial assets	2.5	2,32,675	1,68,216
Other current assets	2.8	24,24,969	29,08,080
Total current assets		45,15,18,960	41,98,58,198
Total assets		62,92,15,051	56,87,95,747
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.10	2,50,000	2,50,000
Other equity		45,11,37,477	46,80,92,542
Total equity		45,13,87,477	46,83,42,542
Liabilities			
Non-current liabilities			
Financial Liability			
Lease Liability	2.2	8,96,70,755	–
Other non current liabilities	2.13	2,44,31,371	2,10,57,076
Total non-current liabilities		11,41,02,127	2,10,57,076
Current liabilities			
Financial liabilities			
Trade payables	2.12		
Total outstanding dues of Micro and small enterprises		2,28,027	2,14,260
Total outstanding dues of creditors other than Micro and small enterprises		1,85,010	3,66,031
Lease liabilities	2.2	1,05,33,275	–
Other financial liabilities	2.11	4,80,32,490	7,24,82,029
Other current liabilities	2.13	47,46,645	63,33,809
Total current liabilities		6,37,25,447	7,93,96,129
Total equity and liabilities		62,92,15,051	56,87,95,747

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 28, 2020

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

Satish.H.C
Director
DIN - 08067220

Manikantha.A.G.S
Director
DIN - 07196699

Statement of Profit and Loss

in ₹, except equity share and per equity share data

Particulars	Note no.	Year ended March 31, 2020	2019
Revenue from operations	2.15	46,53,07,768	53,85,33,352
Other income, net	2.16	3,50,32,621	2,04,08,430
Total income		50,03,40,389	55,89,41,782
Expenses			
Employee benefit expenses	2.17	35,23,79,854	39,85,99,611
Travel expenses		48,84,798	28,95,688
Cost of software packages and others	2.17	22,29,488	19,14,350
Communication expenses		13,61,662	36,45,609
Consultancy and professional charges		29,57,472	20,98,429
Depreciation expenses	2.1 & 2.2	3,33,09,259	1,65,79,932
Finance cost	2.2	90,09,555	–
Other expenses	2.17	2,27,31,046	4,14,04,081
Total expenses		42,88,63,134	46,71,37,700
Profit before tax		7,14,77,255	9,18,04,082
Tax expense			
Current tax	2.14	1,24,87,127	1,80,99,886
Deferred tax	2.14	6,68,18,970	(1,30,82,895)
Profit/(loss) for the year		(78,28,842)	8,67,87,091
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability, net of tax		(20,74,723)	(4,29,795)
Total other comprehensive (loss), net of tax		(20,74,723)	(4,29,795)
Total comprehensive income/ (loss) for the year		(99,03,565)	8,63,57,296
Earnings per equity share			
Equity shares of par value ₹10 each			
Basic (₹)		(313)	3,471
Diluted (₹)		(313)	3,471
Weighted average equity shares used in computing earnings per equity share			
Basic		25,000	25,000
Diluted		25,000	25,000

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

As per our report of even date attached

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

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

Gurvinder Singh
Partner
Membership Number : 110128

Satish.H.C
Director
DIN - 08067220

Manikantha.A.G.S
Director
DIN - 07196699

Bengaluru
May 28, 2020

Statement of Changes in Equity

in ₹

Particulars	Equity share capital	Other equity		Total equity attributable to equity holders of the Company
		Reserves and Surplus	Other comprehensive income	
		Retained earnings	Other items of other comprehensive income	
Balance as of April 1, 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
Impact on account of adoption of Ind AS 116 (Refer note 2.2)		(70,51,500)		(70,51,500)
	2,50,000	46,43,76,971	(33,35,929)	46,12,91,042
Changes in equity for the year ended March 31, 2020				
Remeasurement of net defined benefit liability/asset, net of tax effect	–	–	(20,74,723)	(20,74,723)
Profit/ (Loss) for the year	–	(78,28,842)	–	(78,28,842)
Balance as of March 31, 2020	2,50,000	45,65,48,129	(54,10,652)	45,13,87,477

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

As per our report of even date attached

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

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

Gurvinder Singh
Partner
Membership Number : 110128

Satish.H.C
Director
DIN - 08067220

Manikantha.A.G.S
Director
DIN - 07196699

Bengaluru
May 28, 2020

Statements of Cash Flows

in ₹

Particulars	Year ended March 31,	
	2020	2019
Cash flows from operating activities		
Profit/ (loss) for the year	(78,28,842)	8,67,87,091
Adjustments to reconcile net profit/ (loss) to net cash provided by operating activities:		
Depreciation expenses	3,33,09,259	1,65,79,932
Income tax expense	7,93,06,097	50,16,991
Finance cost	90,09,555	–
Interest income	(50,126)	(46,116)
(Gain) on investments carried at fair value through profit or loss	(38,51,807)	(49,33,615)
Changes in assets and liabilities		
Trade receivables	(3,87,835)	(12,15,06,806)
Loans and other financial assets and other assets	6,50,136	(14,77,103)
Trade payables	(1,67,254)	(77,31,118)
Other financial liabilities, other liabilities	(2,98,11,709)	4,52,31,866
Cash from operations	8,01,77,475	1,79,21,122
Income taxes paid	(1,38,85,196)	(1,62,30,520)
Net cash from operating activities	6,62,92,279	16,90,602
Cash flow from investing activities		
Expenditure on property, plant and equipment	(2,05,50,695)	(60,57,530)
Payment to acquire financial assets		
Liquid mutual fund units	(24,76,00,000)	(29,02,00,000)
Proceeds on sale of financial assets		
Liquid mutual fund units	22,01,00,000	29,06,00,000
Interest received on investments	50,447	43,432
Net cash used in investing activities	(4,80,00,248)	(56,14,098)
Cash flow from financing activities		
Payment of lease liability	(1,82,08,680)	–
Net cash used in financing activities	(1,82,08,680)	–
Net increase/ (decrease) in cash and cash equivalents	83,351	(39,23,496)
Cash and cash equivalents at the beginning of the year	1,36,76,390	1,75,99,886
Cash and cash equivalents at the end of the year	1,37,59,741	1,36,76,390
Supplementary information:		
Restricted cash balance	7,07,305	6,61,871

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 28, 2020

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

Satish.H.C
Director
DIN - 08067220

Manikantha.A.G.S
Director
DIN - 07196699

1. Company overview and significant accounting policies

1.1 Company overview

Skava Systems Pvt. Ltd.('the Company') is a private limited company incorporated and domiciled in India and has its registered office at Coimbatore, Tamil Nadu, India. The Company is an affiliate of Kallidus Inc. (US), which is a leading provider of digital experience solutions, including mobile commerce and in-store shopping experiences to large retail client. The Company provides offshore software development and related services for Kallidus Inc. On June 2, 2015, Infosys Limited acquired 100% voting rights in Kallidus Inc. (d.b.a Skava) and Skava Systems Pvt. Ltd., an affiliate of Kallidus Inc. by entering into a share purchase agreement.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting 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 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 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.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables. The Company assessed the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements have made an assessment on the recoverability of the receivables using the available internal and external sources of information. The Company expects to recover the carrying amount of these assets as they relate to fellow subsidiary and Holding Company.

1.4 Revenue recognition

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

Revenue is recognized upon transfer of control of promised products or services to customers at 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)	Lower of useful life of the asset or 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 liability. Gains and losses through re-measurements of the net defined benefit liability 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 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, 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 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 share splits and bonus share issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

1.13 Cash flow statement

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

1.14 Other income

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

1.15 Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts (refer note no 2.2).

The Company as a lessee

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets 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.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right-of-use' asset of ₹ 9,57,38,964 and a lease liability of ₹ 10,94,03,154. The cumulative effect of applying the standard, amounting to ₹ 96,85,178 was debited to retained earnings, net of taxes. The effect of this adoption is significant on the loss before tax, loss for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
2. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
3. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 8.56%

The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 in Annual Financial Statements and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

2.1 Property, plant and equipment

The changes in the carrying value of property, plant and equipment for the year ended March 31, 2020 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, 2019	97,72,469	1,24,41,840	83,23,858	8,29,66,559	2,68,01,128	14,03,05,854
Additions	–	–	21,990	2,80,08,154	–	2,80,30,144
Gross carrying value as of March 31, 2020	97,72,469	1,24,41,840	83,45,848	11,09,74,713	2,68,01,128	16,83,35,998
Accumulated depreciation as of April 1, 2019	76,31,464	1,02,96,583	56,10,209	4,08,13,885	2,19,45,598	8,62,97,739
Depreciation	13,48,781	13,46,672	10,19,493	1,45,36,239	29,59,805	2,12,10,990
Accumulated depreciation as of March 31, 2020	89,80,245	1,16,43,255	66,29,702	5,53,50,124	2,49,05,403	10,75,08,729
Carrying value as of March 31, 2020	7,92,224	7,98,585	17,16,146	5,56,24,589	18,95,725	6,08,27,269

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

2.2 Leases

Following are the changes in the carrying value of right-of-use assets for the twelve months ended March 31, 2020:

in ₹

Particulars	Category of ROU asset
	Buildings
Balance as of April 1, 2019	9,57,38,964
Additions	–
Deletion	–
Depreciation	(1,20,98,269)
Balance as of March 31, 2020	8,36,40,695

The aggregate depreciation expense on ROU assets is included under depreciation expense in the statement of Profit and Loss.

The following is the break-up of current and non-current lease liabilities as at March 31, 2020

in ₹

Particulars	As at March 31, 2020
Current lease liabilities	1,05,33,275
Non-current lease liabilities	8,96,70,755
Total	10,02,04,030

The following is the movement in lease liabilities during the year ended March 31, 2020

in ₹

Particulars	Year ended March 31, 2020
Balance at the beginning	10,94,03,155
Additions	–
Finance cost accrued during the period	90,09,555
Payment of lease liabilities	(1,82,08,680)
Balance at the end	10,02,04,030

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

in ₹

Particulars	As at March 31, 2020
Less than one year	1,87,03,848
One to five years	7,85,72,844
More than five years	3,67,45,449
Total	13,40,22,141

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was ₹ 9,88,113 for the year ended March 31,2020 respectively.

2.3 Investments

in ₹

Particulars	As at March 31	
	2020	2019
Current investments		
Unquoted investment carried at fair value through profit or loss		
Liquid mutual fund units (refer note 2.3.1)	8,13,74,024	5,00,22,217
Total current investments	8,13,74,024	5,00,22,217
Market value of investments	8,13,74,024	5,00,22,217

2.3.1 Details of investments in liquid mutual fund units

The balances held in liquid mutual funds is as follows:

in ₹

Particulars	As at March 31, 2020		As at March 31, 2019	
	Units	Amount	Units	Amount
Aditya Birla Sun Life Low Duration Fund - Growth - regular plan	1,68,237	8,13,74,024	1,11,344	5,00,22,217
	1,68,237	8,13,74,024	1,11,344	5,00,22,217

2.4 Loans

in ₹

Particulars	As at March 31	
	2020	2019
Current		
Unsecured, Considered good		
Other loans		
Loans to employees	39,24,037	36,67,616
Total current loans	39,24,037	36,67,616

2.5 Other financial assets

in ₹

Particulars	As at March 31	
	2020	2019
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)]	25,101	25,422
Others [(1)] [(2)]	2,05,574	1,40,794
Total current other financial assets	2,32,675	1,68,216
Total other financial assets	1,13,51,771	1,12,87,312
[(1)] Financial assets carried at amortized cost	1,13,51,771	1,12,87,312
[(2)] Includes dues from related parties (refer note 2.19)	1,90,574	1,39,700

2.6 Trade receivables

in ₹

Particulars	As at March 31	
	2020	2019
Current		
Unsecured		
Considered good [1]	34,98,03,514	34,94,15,679
Total trade receivables	34,98,03,514	34,94,15,679
[1] Includes dues from related parties (refer to Note 2.19)	34,98,03,514	34,94,15,679

2.7 Cash and cash equivalents

in ₹

Particulars	As at March 31	
	2020	2019
Balances with banks		
In current and deposit accounts[1]	1,36,57,005	1,35,92,223
Cash on hand	1,02,736	84,167
Total cash and cash equivalents	1,37,59,741	1,36,76,390

[1] Cash and Cash equivalents as at March 31, 2020 and March 31, 2019 include restricted cash and bank balances of ₹ 7,07,305 and ₹ 6,61,871. The restrictions are primarily on account of Lien marked against the deposit accounts with financial institution against corporate credit cards.

2.8 Other assets

in ₹

Particulars	As at March 31	
	2020	2019
Non current		
Others		
Prepaid expenses	13,42,627	18,30,853
Total non current other assets	13,42,627	18,30,853
Current		
Others		
Prepaid expenses	15,01,039	18,83,558
Withholding taxes and others	9,23,930	10,24,522
Total current other assets	24,24,969	29,08,080

2.9 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments as at March 2020 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 2.7)	1,37,59,741	–	–	1,37,59,741	1,37,59,741
Liquid mutual fund units (Refer to Note 2.3)	–	–	8,13,74,024	8,13,74,024	8,13,74,024
Trade receivables (Refer to Note 2.6)	34,98,03,514	–	–	34,98,03,514	34,98,03,514
Loans (Refer to Note 2.4)	39,24,037	–	–	39,24,037	39,24,037
Other financial assets (Refer to Note 2.5)	1,13,51,771	–	–	1,13,51,771	1,13,51,771
Total	37,88,39,063	–	8,13,74,024	46,02,13,087	46,02,13,087
Liabilities					–
Trade payables (Refer to Note 2.12)	4,13,037	–	–	4,13,037	4,13,037
Other financial liabilities (Refer to Note 2.11)	3,27,90,049	–	–	3,27,90,049	3,27,90,049
Total	3,32,03,086	–	–	3,32,03,086	3,32,03,086

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 Note 2.7)	1,36,76,390	–	–	1,36,76,390	1,36,76,390
Liquid mutual fund units (Refer note 2.3)	–	–	5,00,22,217	5,00,22,217	5,00,22,217
Trade receivables (Refer Note 2.6)	34,94,15,679	–	–	34,94,15,679	34,94,15,679
Loan (Refer to Note 2.4)	36,67,616	–	–	36,67,616	36,67,616
Other financial assets (Refer Note 2.5)	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 Note 2.12)	5,80,291	–	–	5,80,291	5,80,291
Other financial liabilities (Refer Note 2.11)	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

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, 2020	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units (Refer Note 2.3.1)	8,13,74,024	8,13,74,024	–	–

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 Note 2.3.1)	5,00,22,217	5,00,22,217	–	–

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,	
	2020	2019
Accounts receivable	34,51,15,903	34,94,15,679

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 ₹ 34,98,03,514 and ₹34,94,15,679 as of March 31, 2020 and March 31, 2019 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, 2020, the Company had a working capital of ₹38,77,93,513 including cash and cash equivalents of ₹ 1,37,59,741 and current investments of ₹ 8,13,74,024. 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, 2020 and March 31, 2019, the outstanding compensated absences were ₹77,62,991 and ₹ 79,97,359 respectively.

2.10 Equity

Equity share capital

in ₹, except as otherwise stated

Particulars	As at March 31,	
	2020	2019
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,			
	2020		2019	
	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.

2.11 Other financial liabilities

in ₹

Particulars	As at March 31,	
	2020	2019
Current		
Accrued compensation to employees [1]	2,00,08,346	5,03,59,688
Accrued expenses [1]	18,60,471	48,26,935
Capital Creditors	74,79,450	–
Compensated absences	77,62,991	79,97,359
Other payables [1] [2]	1,09,21,232	92,98,047
	4,80,32,490	7,24,82,029
Total current other financial liabilities	4,80,32,490	7,24,82,029
[1] Financial liability carried at amortized cost	3,27,90,049	6,44,84,670
[2] Includes amount due to related parties (refer note 2.19)	1,09,21,232	92,98,047

2.12 Trade payables

in ₹

Particulars	As at March 31,	
	2020	2019
Trade payables	4,13,037	5,80,291
Total trade payables	4,13,037	5,80,291

The principal amount remaining unpaid as at March 31, 2020 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 ₹ 2,28,027 (Previous Year ₹ 2,14,260)

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.

2.13 Other liabilities

in ₹

Particulars	As at March 31,	
	2020	2019
Non current		
Others		
Accrued Gratuity	2,44,31,371	2,10,57,076
Total non current other liabilities	2,44,31,371	2,10,57,076
Current		
Others		
Accrued Gratuity	7,22,631	6,61,956
Withholding taxes and others	40,24,014	56,71,853
Total current other liabilities	47,46,645	63,33,809

2.14 Income taxes

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

in ₹

Particulars	Year ended March 31,	
	2020	2019
Current taxes	1,24,87,127	1,80,99,886
Deferred taxes	6,68,18,970	(1,30,82,895)
Income tax expense	7,93,06,097	50,16,991

The Company is under MAT for the year ended March 31, 2020 and March 31, 2019. The Company has entered into a Business Transfer agreement with its Holding Company, the Company expects the deferred tax asset on MAT credit entitlement will not be recoverable in future and accordingly deferred tax asset on MAT credit entitlement amounting to ₹6,88,97,307 is written off during the year.

Current tax expense for the years ended March 31, 2020 and March 31, 2019 includes (charge)/ reversals (net of provisions) amounting to ₹(9,147)and ₹7,99,875 respectively, pertaining to prior periods.

Entire deferred income tax for the years ended March 31, 2020 and March 31, 2019 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	Year ended March 31,	
	2020	2019
Profit before income tax	7,14,77,255	9,18,04,082
Enacted tax rates in India	27.820%	27.820%
Computed expected tax expense	1,98,84,972	2,55,39,896
Tax (reversals)/Charge	9,147	(7,99,875)
Deferred tax and MAT credit of earlier years	–	(8,39,117)
MAT credit written off	6,88,97,307	–
Effect of differential tax rates on account of MAT	78,53,696	–
Tax effect due to non-taxable income for Indian tax purposes	(1,58,42,538)	(1,81,56,397)
Effect of non-deductible expenses	5,57,858	5,25,205
Others	(20,54,345)	(12,52,721)
Income tax expense	7,93,06,097	50,16,991

The applicable Indian statutory tax rate for fiscal year 2020 is 27.820% and fiscal year 2019 is 27.820%.

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,	
	2020	2019
Income tax assets	57,19,522	40,14,797
Net current income tax assets / (liability) at the end	57,19,522	40,14,797

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

in ₹

Particulars	As at March 31,	
	2020	2019
Net current income tax asset at the beginning	40,14,797	58,38,584
Income tax paid, net of refund	1,38,85,196	1,62,30,520
Current income tax expense	(1,24,87,127)	(1,80,99,886)
Income tax on other comprehensive income	3,06,656	45,579
Net current income tax asset at the end	57,19,522	40,14,797

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

in ₹

Particulars	As at March 31,	
	2020	2019
Deferred income tax assets		
Property, plant and equipment	51,07,177	49,98,685
Gratuity and others assets	51,16,462	40,68,696
Lease Liability (Including adjustment to opening retained earnings Rs.39,79,012)	48,23,243	–
MAT Credit Entitlement (refer note below)	–	6,88,97,307
Total deferred income tax assets	1,50,46,882	7,79,64,688

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

in ₹

Particulars	As at March 31,	
	2020	2019
Net deferred income tax asset at the beginning	7,79,64,688	6,48,81,793
Debit relating to temporary differences - others	11,56,258	1,30,82,895

Particulars	As at March 31,	
	2020	2019
Debits relating to temporary differences - lease	48,23,243	–
MAT credit written off (refer note below)	(6,88,97,307)	–
Net deferred income tax asset at the end	1,50,46,882	7,79,64,688

The Income tax paid under MAT provisions being over and above normal tax liability can be carried forward for a period of ten years from the year of recognition (with effect from AY 2018-19, MAT credit can be carried forward up to fifteen years from the year of recognition) and is available for set off against future tax liabilities computed under normal tax provisions, to the extent of excess of MAT liability. The Deferred income tax asset for MAT credit entitlement is ₹ Nil and ₹6,88,97,307 as on March 31, 2020 and March 31, 2019 respectively.

Temporary differences - others during the year ended March 31, 2020 and March 31, 2019 are primarily on account of property, plant and equipment, gratuity and other assets

The Company intends to transfer Deferred income tax as at March 31, 2020 of ₹ 1,50,46,882 to its Holding company on completion of the process of finalizing Business Transfer Agreement to transfer its business to Holding company.

Minimum alternate tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognized as an asset in the Balance Sheet if there is convincing evidence that the Company will pay normal tax after the tax holiday period and the resultant asset can be measured reliably. The Mat credit closing balance as at March 31, 2020 and March 31, 2019 is ₹ Nil and ₹ 6,88,97,307. MAT credit taken during the year ended March 31, 2020 and March 31, 2019 is ₹ Nil and ₹ 1,25,91,111. MAT credit in the books as at April 1, 2019 has been written off in the current year as the Company has entered into a Business Transfer agreement with its Holding Company, the Company expects the deferred tax asset on MAT credit entitlement will not be recoverable in future.

2.15 Revenue from operations

in ₹

Particulars	Year ended March 31,	
	2020	2019
Income from software development services	46,53,07,768	53,85,33,352
Total revenue from operation	46,53,07,768	53,85,33,352

2.16 Other income

in ₹

Particulars	Year ended March 31,	
	2020	2019
Interest received on financial assets carried at amortized cost		
Deposits with banks and others	50,126	46,116
Gain on investments carried at fair value through profit or loss	38,51,807	49,33,615
Exchange gains on translation of assets and liabilities	3,11,30,688	1,51,79,149
Miscellaneous income	–	2,49,550
Total other income	3,50,32,621	2,04,08,430

2.17 Expenses

in ₹

Particulars	Year ended March 31,	
	2020	2019
Employee benefit expenses		
Salaries including bonus	32,43,43,824	36,81,52,813
Contribution to provident and other funds	1,41,50,926	1,48,10,534
Share based payments to employees	16,23,187	21,68,033
Staff welfare	1,22,61,917	1,34,68,231
Total employee benefit expenses	35,23,79,854	39,85,99,611
Cost of software packages and others		
For own use	22,29,488	19,14,350
Total cost of software packages and others	22,29,488	19,14,350
Other expenses		
Power and fuel	72,55,086	70,60,264
Short Term lease	9,88,113	–
Operating lease	–	2,03,00,342
Rates and taxes	24,020	6,689
Repairs and maintenance	1,02,75,862	96,46,806
Consumables	8,53,809	11,81,851
Insurance	3,77,486	3,60,936
Auditor's remuneration		
Statutory audit fees	7,00,000	7,00,000
Contributions towards corporate social responsibility (Refer to note 2.17.1)	20,00,000	18,86,753
Others	2,56,670	2,60,440
Total other expenses	2,27,31,046	4,14,04,081

2.17.1 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 ₹ 20,00,000

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

Particulars	In Cash	Yet to paid in Cash	Total
(i)Construction / acquisition of any asset	–	–	–
(ii)On purposes other than (i) above	20,00,000	–	20,00,000

2.18 Employee benefits

a. Gratuity

The following tables set out the status of the gratuity plans and the amounts recognized in the Company's financial statements :

in ₹

Particulars	As at March 31	
	2020	2019
Change in benefit obligations		
Benefit obligations at the beginning	2,17,19,032	1,69,49,849
Service cost	44,51,404	46,16,452
Net interest on the net defined benefit liability / asset	13,75,367	12,29,597
Remeasurements Actuarial (gains) / losses	23,03,530	4,75,374
Benefits paid	(46,95,331)	(15,52,240)
Benefit obligations at the end	2,51,54,002	2,17,19,032

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

in ₹

Particulars	Year ended March 31,	
	2020	2019
Service cost	44,51,404	46,16,452
Net interest on the net defined benefit liability / asset	13,75,367	12,29,597
Net gratuity cost	58,26,771	58,46,049

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

in ₹

Particulars	Year ended March 31,	
	2020	2019
Actuarial (gains) / losses	23,03,530	4,75,374
	23,03,530	4,75,374

Breakup of other comprehensive income based on assumptions is as follows :

in ₹

Particulars	Year ended March 31,	
	2020	2019
(Gain) / loss from change in experience assumptions	(8,12,526)	(7,55,976)
(Gain) / loss from change in financial assumptions	31,16,056	12,31,350
	23,03,530	4,75,374

The weighted-average assumptions used to determine net periodic benefit cost for the year ended March 31, 2020 and March 31, 2019 are as follows set out below:

Particulars	Year ended March 31,	
	2020	2019
Discount rate	7.10%	7.50%
Weighted average rate of increase in compensation levels	5.0%	5.0%

The weighted-average assumptions used to determine benefit obligations as at ended March 31, 2020 and March 31, 2019 are as follows set out below:

Particulars	Year ended March 31,	
	2020	2019
Discount rate	6.20%	7.10%
Weighted average rate of increase in compensation levels	5.00%	5.00%
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.

As of March 31, 2020, every percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately ₹.38,22,377.

As of March 31, 2020, every percentage point increase / decrease in weighted average rate of compensation levels will affect our gratuity benefit obligation by approximately ₹37,88,638.

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

The maturity profile of defined benefit obligation is as follows :

in ₹

Within 1 year	7,44,696
1-2 years	9,80,952
2-3 years	12,82,231
3-4 years	15,19,136
4-5 years	18,12,448
5-10 years	1,28,07,680

b. Provident fund

The Company contributed ₹ 1,38,42,427 during the year ended March 31, 2020 and ₹ 1,42,65,403 during the year ended March 31, 2019. 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,	
		2020	2019
Infosys Limited	India	100%	100%

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)[25]	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	US
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH (formerly Lodestone Management Consultants GmbH) [1]	Austria
Kallidus Inc. (Kallidus)	US
Infosys Chile SpA	Chile
Infosys Arabia Limited[2]	Saudi Arabia
Infosys Consulting Ltda.[1]	Brazil
Infosys CIS LLC[1] [18] [26]	Russia
Infosys Luxembourg S.a.r.l [1] [13]	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)[3]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc[19]	Canada
Infosys BPM Limited	India
Infosys (Czech Republic) Limited s.r.o.[4]	Czech Republic
Infosys Poland Sp z.o.o[4]	Poland
Infosys McCamish Systems LLC [4]	US
Portland Group Pty Ltd[4]	Australia
Infosys BPO Americas LLC.[4]	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc.[5] [11]	US
Infosys Management Consulting Pty Limited[5]	Australia
Infosys Consulting AG[5]	Switzerland
Infosys Consulting GmbH[5]	Germany
Infosys Consulting S.R.L.[1]	Romania
Infosys Consulting SAS[5]	France
Infosys Consulting s.r.o.[5]	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd. (formerly Lodestone Management Consultants Co., Ltd)[5]	China
Infy Consulting Company Ltd[5]	UK
Infy Consulting B.V.[5]	The Netherlands
Infosys Consulting Sp. z.o.o[32]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda.[5]	Portugal
Infosys Consulting S.R.L.[5]	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)[6]	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd.[7]	Israel
Panaya GmbH[7]	Germany
Panaya Japan Co. Ltd[7][31]	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK

Name of fellow subsidiaries	Country
Brilliant Basics Limited[8]	UK
Brilliant Basics (MENA) DMCC[8] [26]	UAE
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[9]	UAE
Fluido Oy[9] [14]	Finland
Fluido Sweden AB (Extero)[15]	Sweden
Fluido Norway A/S[15]	Norway
Fluido Denmark A/S[15]	Denmark
Fluido Slovakia s.r.o[15]	Slovakia
Fluido Newco AB[15]	Sweden
Infosys Compaz Pte. Ltd (formerly Trusted Source Pte. Ltd)[16]	Singapore
Infosys South Africa (Pty) Ltd[9] [17]	South Africa
WongDoody Holding Company Inc. (WongDoody)[10]	US
WDW Communications, Inc[12]	US
WongDoody, Inc[12]	US
HIPUS Co., Ltd (formerly Hitachi Procurement Service Co. Ltd.)[20]	Japan
Stater N.V.[21]	The Netherlands
Stater Nederland B.V.[22]	The Netherlands
Stater Duitsland B.V.[22]	The Netherlands
Stater XXL B.V.[22]	The Netherlands
HypoCasso B.V.[22]	The Netherlands
Stater Participations B.V.[22]	The Netherlands
Stater Deutschland Verwaltungs-GmbH[23]	Germany
Stater Deutschland GmbH & Co. KG[23]	Germany
Stater Belgium N.V./S.A.[24]	Belgium
Outbox systems Inc. dba Simplus (US)[27]	US
Simplus North America Inc.[28]	Canada
Simplus ANZ Pty Ltd.[28]	Australia
Simplus Australia Pty Ltd[30]	Australia
Sqware Peg Digital Pty Ltd[30]	Australia
Simplus Philippines, Inc.[28]	Philippines
Simplus Europe, Ltd.[28]	UK
Simplus UK, Ltd.[29]	UK
Simplus Ireland, Ltd.[29]	Ireland

(1) Wholly-owned subsidiary of Infosys Limited
(2) Majority-owned and controlled subsidiary of Infosys Limited
(3) Liquidated effective November 17, 2019
(4) Wholly-owned subsidiary of Infosys BPM Limited
(5) Wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Wholly-owned subsidiary of Panaya Inc
(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(9) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(10) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
(11) Liquidated effective May 4, 2018
(12) Wholly-owned subsidiary of WongDoody
(13) Incorporated effective August 6, 2018
(14) On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
(15) Wholly-owned subsidiary of Fluido Oy
(16) On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
(17) Incorporated effective December 19, 2018
(18) Incorporated effective November 29, 2018
(19) Incorporated effective November 27, 2018, wholly owned subsidiary of Infosys Public Services Inc
(20) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd, Japan
(21) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V.
(22) Majority-owned and controlled subsidiary of Stater N.V.
(23) Majority-owned and controlled subsidiary of Stater Duitsland B.V.
(24) Majority-owned and controlled subsidiary of Stater Participations B.V.
(25) Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly-owned subsidiary of Infosys Limited

(26) Under Liquidation

(27) On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.

(28) Wholly-owned subsidiary of Outbox Systems Inc.

(29) Wholly-owned subsidiary of Simplus Europe, Ltd.

(30) Wholly-owned subsidiary of Simplus ANZ Pty Ltd.

(31) Liquidated effective October 31, 2019

(32) On February 20, 2020, Infosys Poland Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG (formerly Lodestone Holding AG).

The details of amounts due to or due from related parties as at March 31, 2020, and March 31, 2019 are as follows:

in ₹

Particulars	As at March 31	
	2020	2019
Trade receivables		
Kallidus Inc.	34,51,15,903	34,94,15,679
Infosys ltd	46,87,611	–
	34,98,03,514	34,94,15,679
Other financial assets		
Infosys ltd	1,90,574	1,39,700
	1,90,574	1,39,700
Other financial liabilities		
Infosys ltd	1,09,21,232	92,98,047
	1,09,21,232	92,98,047

The details of related parties transactions entered into by Company for the year ended March 31, 2020, and March 31, 2019 are as follows:

in ₹

Particulars	Year ended March 31,	
	2020	2019
Revenue transactions		
Sale of software development services		
Kallidus Inc.	46,06,20,157	53,85,33,352
Infosys ltd	46,87,611	–
	46,53,07,768	53,85,33,352

2.20 Proposed transfer

On October 10, 2019, the Board of Directors of the Company authorized the Company to execute a Business Transfer Agreement and related documents to transfer its principal business to Infosys Limited (Holding company), subject to securing the requisite regulatory approvals for a consideration based on an independent valuation. As at the date of approval of these financial statements, the Company is in the process of finalising the Business Transfer Agreement and obtaining requisite regulatory approvals. On Business Transfer Agreement taking effect, the Company's business will be transferred as a going concern on a slump sale basis to Holding company and the board of directors of the Company will decide the future business strategy of the Company.

2.21 Segment reporting

The Company is engaged in providing consultancy service in a single geography. Based on the 'management approach', as defined in Ind AS 108, Segment reporting the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of the performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108 Segment Reporting.

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Infosys Consulting (Belgium) N.V.

Independent Auditor's report

To the Members of Infosys Consulting (Belgium) N.V.

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys Consulting (Belgium) N.V. ('the company'), which comprises the Balance Sheet as at 31st December 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 December 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, read with relevant rule issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Registration Number. 006673S

(M Rathnakar Kamath)
Partner
Membership Number. 202841.

UDIN: 20202841AAABSO1917

Place: Bengaluru.
Date: March 16, 2020

Balance Sheet

in ₹

Particulars	Note no.	As at December 31,	
		2019	2018
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	–	2,09,789
Financial assets			
Loans	2.3	35,47,700	–
Total non-current assets		35,47,700	2,09,789
Current assets			
Financial assets			
Trade receivables	2.5	4,18,39,381	5,66,27,500
Cash and cash equivalents	2.6	3,63,74,948	7,57,19,587
Loans	2.3	68,98,033	1,29,02,338
Other financial assets	2.4	18,64,251	14,44,223
Other current assets	2.7	72,93,851	65,95,033
Total current assets		9,42,70,464	15,32,88,681
Total assets		9,78,18,164	15,34,98,470
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.9	3,44,75,106	3,44,75,106
Other equity		(22,51,82,310)	(25,17,95,322)
Total equity		(19,07,07,204)	(21,73,20,216)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	2.10	19,55,62,362	27,34,50,537
Other financial liabilities	2.11	68,98,033	50,53,575
Total non-current liabilities		20,24,60,395	27,85,04,112
Current liabilities			
Financial liabilities			
Trade payables	2.12	62,28,932	3,11,96,335
Other financial liabilities	2.11	7,72,72,618	5,70,29,973
Other current liabilities	2.13	23,65,642	10,25,643
Income tax liabilities (net)	2.14	1,97,781	30,62,623
Total current liabilities		8,60,64,973	9,23,14,574
Total equity and liabilities		9,78,18,164	15,34,98,470

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
March 16, 2020

for and on behalf of the Board of Directors of Infosys Consulting (Belgium) N.V.

Andrew Duncan
Director

Gopal Rao
Director

Statement of Profit and Loss

in ₹, except equity share and per equity share data

Particulars	Note no.	Year ended December 31, 2019	2018
Revenue from operations	2.15	35,60,46,648	3,29,303,196
Other income, net	2.16	20,86,558	27,25,364
Total income		35,81,33,206	33,20,28,560
Expenses			
Employee benefit expenses	2.17	19,48,90,960	22,40,56,823
Cost of technical sub-contractors		6,32,93,162	2,08,91,250
Travel expenses		1,64,00,371	2,21,59,776
Communication expenses		42,66,024	56,67,818
Consultancy and professional charges		4,02,12,486	2,51,41,134
Finance Cost		18,59,943	21,04,836
Depreciation and amortization expenses	2.1	2,06,733	3,26,837
Other expenses	2.17	1,28,82,260	78,82,830
Total expenses		33,40,11,939	30,82,31,304
Profit / (Loss) before tax		2,41,21,267	2,37,97,256
Tax expense			
Current tax	2.14	(2,37,47,84)	(41,62,015)
Profit / (Loss) for the Year		2,64,96,051	27,95,92,71
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		1,16,961	(1,10,76,480)
Total other comprehensive income / (loss), net of tax		1,16,961	(1,10,76,480)
Total comprehensive income / (loss) for the Year		2,66,13,012	1,68,82,791
Profit / (Loss) per equity share			
Equity shares of par value EUR 489.32 each			
Basic and Diluted (₹)		26,496.05	27,959.27
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

M. Rathnakar Kamath
Partner
Membership number : 202841

Bengaluru
March 16, 2020

for and on behalf of the Board of Directors of Infosys Consulting (Belgium) N.V.

Andrew Duncan
Director

Gopal Rao
Director

Statement of Changes in Equity

in ₹

Particulars	Equity share capital	Other equity			Total equity attributable to equity holders of the Company
		Reserves and Surplus		Other comprehensive income	
		Retained earnings	Other reserves	Exchange difference on translation	
Balance as of January 1, 2018	3,44,75,106	(36,10,95,336)	1,72,355	9,22,44,868	(23,42,03,007)
Changes in equity for the year ended December 31, 2018					
Currency translation	–	–	–	(1,10,76,480)	(1,10,76,480)
Profit for the year	–	27,959,271	–	–	2,79,59,271
Balance as of December 31, 2018	3,44,75,106	(33,31,36,065)	1,72,355	8,11,68,388	(21,73,20,216)
Changes in equity for the year ended December 31, 2019					
Currency translation	–	–	–	1,16,961	1,16,961
Profit for the year	–	2,64,96,051	–	–	2,64,96,051
Balance as of December 31, 2019	3,44,75,106	(30,66,40,014)	1,72,355	8,12,85,349	(19,07,07,204)

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
March 16, 2020

for and on behalf of the Board of Directors of Infosys Consulting (Belgium) N.V.

Andrew Duncan
Director

Gopal Rao
Director

Statements of Cash Flows

in ₹

Particulars	Year ended December 31,	
	2019	2018
Cash flows from operating activities		
Profit for the Year	2,64,96,051	2,79,59,271
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation expense	2,06,733	3,26,837
Income tax expense	(23,74,784)	(41,62,015)
Interest expense	18,30,017	21,04,836
Exchange differences on translation of assets and liabilities	(3,70,041)	(1,07,68,305)
Changes in assets and liabilities		
Trade receivables	1,47,88,119	(39,82,864)
Other financial assets and other assets	(11,18,846)	2,10,89,004
Trade payables	(2,49,67,403)	(49,56,224)
Other financial liabilities and other liabilities	2,34,27,102	2,79,75,843
Cash generated from operations	3,79,16,948	5,55,86,383
Income taxes paid	–	–
Net cash from in operating activities	3,79,16,948	5,55,86,383
Cash flow from investing activities		
Loans to employees	24,56,605	73,23,161
Net cash from in investing activities	24,56,605	73,23,161
Cash flow from financing activities		
Loan taken / (repaid) from parent company	(7,78,88,175)	1,37,75,775
Interest expense	(18,00,091)	(21,04,836)
Interest expense on lease liability	(29,926)	–
Net cash (used in) / from by financing activities	(7,97,18,192)	1,16,70,939
Net increase/ (decrease) in cash and cash equivalents	(3,93,44,639)	7,45,80,483
Cash and cash equivalents at the beginning of the Year	7,57,19,587	11,39,104
Cash and cash equivalents at the end of the Year	3,63,74,948	7,57,19,587

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

As per our report of even date attached

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

M. Rathnakar Kamath
Partner
Membership number : 202841

Bengaluru
March 16, 2020

for and on behalf of the Board of Directors of Infosys Consulting (Belgium) N.V.

Andrew Duncan
Director

Gopal Rao
Director

Infosys Consulting (Belgium) N.V. 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

These financial statements are presented in 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 and intangible assets.

1.5 Revenue recognition

The Company derives revenues primarily from consultancy services.

Effective January 1, 2019, 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 January 1, 2019. 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 for software-related services are either on a fixed-timeframe or on a time-and-material basis.

1.5.1 T&M

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.

1.5.2 Unbilled / Unearned

Revenues in excess of invoicing are classified as contract assets (referred to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (referred to as unearned revenues).

1.5.3 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.

1.5.4 Tax

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 and fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in cost of sales. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions.

1.8 Onerous contracts

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

1.9 Property, plant, and equipment

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

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

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 recognized 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 Borrowing cost

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

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

1.21 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. 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.

1.22 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 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. 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 (January 1, 2020). The effect of adoption is not expected to be material for the Company's financial statements.

2.1 Property, plant and equipment

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

in ₹

Particulars	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2019	1,43,36,582	7,79,597	67,07,810	18,47,749	2,36,71,738
Additions	–	–	–	–	–

Particulars	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures	Total
Deletions	–	–	–	–	–
Translation difference	19,715	1,072	9,225	2,541	32,553
Gross carrying value as of December 31, 2019	1,43,56,297	7,80,669	67,17,035	18,50,290	2,37,04,291
Accumulated depreciation as of January 1, 2019	(1,43,36,582)	(7,79,597)	(64,98,021)	(18,47,749)	(2,34,61,949)
Depreciation	–	–	(2,06,733)	–	(2,06,733)
Accumulated depreciation on deletions	–	–	–	–	–
Translation difference	(19,715)	(1,072)	(12,281)	(2,541)	(35,609)
Accumulated depreciation as of December 31, 2019	(1,43,56,297)	(7,80,669)	(67,17,035)	(18,50,290)	(2,37,04,291)
Carrying value as of December 31, 2019	–	–	–	–	0
Carrying value as of January 1, 2019	–	–	2,09,789	–	2,09,789

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	1,37,16,447	7,45,875	64,17,661	17,67,824	2,26,47,807
Additions	–	–	–	–	–
Deletions	–	–	–	–	–
Translation difference	6,20,135	33,722	2,90,149	79,925	10,23,931
Gross carrying value as of December 31, 2018	1,43,36,582	7,79,597	67,07,810	18,47,749	2,36,71,738
Accumulated depreciation as of January 1, 2018	(1,37,16,447)	(7,45,875)	(59,07,641)	(17,67,824)	(2,21,37,787)
Depreciation	–	–	(3,26,837)	–	(3,26,837)
Accumulated depreciation on deletions	–	–	–	–	–
Translation difference	(6,20,135)	(33,722)	(2,63,543)	(79,925)	(9,97,325)
Accumulated depreciation as of December 31, 2018	(1,43,36,582)	(7,79,597)	(64,98,021)	(18,47,749)	(2,34,61,949)
Carrying value as of December 31, 2018	–	–	2,09,789	–	2,09,789
Carrying value as of January 1, 2018	–	–	5,10,020	–	5,10,020

2.2 Intangible assets

The changes in the carrying value of acquired intangible assets for the year ended December 31, 2019 are follows:

in ₹

Particulars	Software	Total
Gross carrying value as of January 1, 2019	26,84,297	26,84,297
Additions / Adjustments	–	–
Deletions / Adjustments	–	–
Gross carrying value as of December 31, 2019	26,84,297	26,84,297
Accumulated amortization as of January 1, 2019	(26,84,297)	(26,84,297)
Amortization expense	–	–
Deletion	–	–
Accumulated amortization as of December 31, 2019	(26,84,297)	(26,84,297)
Carrying value as of December 31, 2019	–	–

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	26,84,297	26,84,297
Additions/Adjustments	–	–
Deletions/Adjustments	–	–
Gross carrying value as of December 31, 2018	26,84,297	26,84,297
Accumulated amortization as of January 1, 2019	(26,84,297)	(26,84,297)
Amortization expense	–	–
Deletion	–	–
Accumulated amortization as of December 31, 2018	(26,84,297)	(26,84,297)
Carrying value as of December 31, 2018	–	–

2.3 Loans

in ₹

Particulars	As at December 31,	
	2019	2018
Non-current		
Unsecured, considered good		
Loans to employees	35,47,700	–
	35,47,700	
Unsecured, considered doubtful		
Loans to employees	–	–
	35,47,700	
Less: Allowance for doubtful loans to employees	–	–
	35,47,700	–
Current		
Unsecured, considered good		
Loans to employees	68,98,033	1,29,02,338
	68,98,033	1,29,02,338
Total loans	1,04,45,733	1,29,02,338

2.4 Other financial assets

in ₹

Particulars	As at December 31,	
	2019	2018
Current		
Rental deposits	13,57,695	–
Others [(1)]	5,06,556	14,44,223
	18,64,251	14,44,223
Total current other financial assets	18,64,251	14,44,223
Financial assets carried at amortized cost	18,64,251	14,44,223
[(1)] Includes dues from related parties (Refer to Note 2.19)	5,06,556	14,44,223

2.5 Trade receivables

in ₹

Particulars	As at December 31,	
	2019	2018
Current		
Unsecured		
Considered good [(1)]	4,18,39,381	5,66,27,500
Trade receivables – Credit impaired	–	
	4,18,39,381	5,66,27,500
Less: Allowances for credit losses	–	
Total trade receivables	4,18,39,381	5,66,27,500
[(1)] Includes dues from related parties (Refer to Note 2.19)	3,45,28,805	5,66,27,500

2.6 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2019	2018
Balances with banks		
In current accounts	3,63,74,948	7,57,19,587
Total cash and cash equivalents	3,63,74,948	7,57,19,587

2.7 Other assets

in ₹

Particulars	As at December 31,	
	2019	2018
Current		
Others		
Prepaid expenses	39,651	5,16,888
Withholding taxes and others	72,54,200	60,78,145
Total current other assets	72,93,851	65,95,033

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,	
	2019	2018
Assets		
Cash and cash equivalents (Refer to Note 2.6)	3,63,74,948	7,57,19,587
Trade receivables (Refer to Note 2.5)	4,18,39,381	5,66,27,500
Loans (Refer to Note 2.3)	1,04,45,733	1,29,02,338
Other financial assets (Refer to Note 2.4)	18,64,251	14,44,223
Total	9,05,24,313	14,66,93,648
Liabilities		
Trade payables (Refer to Note 2.12)	62,28,932	3,11,96,335
Borrowings (Refer to Note 2.10)	19,55,62,362	27,34,50,537
Other financial liabilities (Refer to Note 2.11)	6,48,16,494	5,13,70,490
Total	26,66,07,788	35,60,17,362

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 ₹ 4,17,87,969 and ₹ 5,66,27,500 crore as of December 31, 2019 and December 31, 2018, 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, 2019 was nil.

in ₹

Particulars	For the year ended December 31,	
	2019	2018
Balance at the beginning	–	–
Impairment loss recognized / reversed	–	–
Translation differences	–	–
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, 2019 and December 31, 2018 the Company had cash and cash equivalents of ₹ 3,63,74,948 and ₹ 7,57,19,587 respectively.

2.9 Equity

Equity share capital

in ₹, except as stated otherwise

Particulars	As at December 31	
	2019	2018
Authorized		
Equity shares, EUR 489.32 par value	3,44,75,106	3,44,75,106
1,000 (1,000) equity shares	3,44,75,106	3,44,75,106
Issued, subscribed and paid-up		
Equity shares, EUR 489.32 par value	3,44,75,106	3,44,75,106
1,000 (1,000) equity shares fully paid-up		
	3,44,75,106	3,44,75,106

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,			
	2019		2018	
	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,	
	2019	2018
Non-current		
Unsecured loan from parent (Refer to Note 2.19) [(1)]	19,55,62,362	27,34,50,537
Total borrowings	19,55,62,362	27,34,50,537

[(1)] 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,	
	2019	2018
Non-current		
Loans and advances to employees	68,98,033	50,53,575
	68,98,033	50,53,575
Current		
Others		
Accrued compensation to employees	2,31,22,632	1,57,25,955
Accrued expenses [(1)]	4,12,65,349	2,05,07,925
Compensated absences	1,24,56,124	56,59,483
Other payables [(2)]	4,28,513	1,51,36,610
	7,72,72,618	5,70,29,973
Total financial liabilities	8,41,70,651	6,20,83,548
Financial liability carried at amortized cost	6,48,16,494	5,13,70,490
[(1)] Includes dues to related parties (Refer to Note 2.19)	2,19,077	1,25,373
[(2)] Includes dues to related parties (Refer to Note 2.19)	4,28,513	1,49,54,382

2.12 Trade payables

in ₹

Particulars	As at December 31,	
	2019	2018
Trade payables [1]	62,28,932	3,11,96,335
Total trade payables	62,28,932	3,11,96,335
[1] Includes dues to related parties (Refer to Note 2.19)	61,77,520	1,19,32,299

2.13 Other liabilities

in ₹

Particulars	As at December 31,	
	2019	2018
Current		
Others		
Withholding taxes and others	23,65,642	10,25,643
Total current other liabilities	23,65,642	10,25,643

2.14 Income taxes

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

in ₹

Particulars	Year ended December 31,	
	2019	2018
Current taxes	(23,74,784)	(41,62,015)
Income tax expense	(23,74,784)	(41,62,015)

Current tax expense for the years ended December 31, 2019 and December 31, 2018 includes reversals (net of provisions) amounting to ₹25,59,859 and provisions (net of reversals) amounting to ₹ 43,83,159 respectively, pertaining to prior periods.

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

in ₹

Particulars	Year ended December 31,	
	2019	2018
Profit before income tax	2,41,21,267	2,37,97,256
Enacted tax rates (%)	29.58	29.58
Computed expected tax expense	71,35,071	70,39,228
Tax provisions / (reversals)	(25,59,859)	(43,83,159)
Effect of unrecognized deferred tax assets on loss	(70,36,004)	(70,39,228)
Others	86,008	2,21,144
Income tax expense	(23,74,784)	(41,62,015)

The applicable Belgium statutory tax rates for the year ended December 31, 2019 and December 31, 2018 is 29.58%.

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

in ₹

Particulars	Year ended December 31,	
	2019	2018
Income tax assets	–	–
Current income tax liabilities	1,97,781	30,62,623
Net current income tax assets / (liability) at the end	(1,97,781)	(30,62,623)

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

in ₹

Particulars	Year ended December 31,	
	2019	2018
Net current income tax asset / (liability) at the beginning	(30,62,623)	(68,89,857)
Income tax paid	–	–
Current income tax expense (Refer to Note 2.14)	23,74,784	41,62,015
Translation difference	4,90,058	(3,34,781)
Net current income tax asset / (liability) at the end	(1,97,781)	(30,62,623)

2.15 Revenue from operations

in ₹

Particulars	Year ended December 31,	
	2019	2018
Income from consultancy services	35,60,46,648	32,93,03,196
Total revenue from operations	35,60,46,648	32,93,03,196

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers by offerings for the year ended December 31, 2019. 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 ₹

Particulars	Year ended December 31,
	2019
Revenue by offerings	
Core	34,35,75,953
Digital	1,24,70,695
Total	35,60,46,648

Digital Services

Digital Services comprise of service and solution offerings of the Company that enable our clients to transform their businesses. These include offerings that enhance customer experience, leverage AI-based analytics and big data, engineer digital products and IoT, modernize legacy technology systems, migrate to cloud applications and implement advanced cybersecurity systems.

Core Services

Core Services comprise traditional offerings of the Company that have scaled and industrialized over a number of years. These primarily include application management services, proprietary application development services, independent validation solutions, product engineering and management, infrastructure management services, traditional enterprise application implementation, support and integration services.

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 at December 31, 2019, other than those meeting the exclusion criteria mentioned above, is nil. The contracts can generally be terminated by the customers and typically includes an enforceable termination penalty payable by them.

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 Group for the year ended December 31, 2019 is insignificant.

2.16 Other income

in ₹

Particulars	Year ended December 31,	
	2019	2018
Exchange gains / (losses) on foreign currency forward and options contracts	–	–
Miscellaneous income, net	20,86,558	27,25,364
Total other income	20,86,558	27,25,364

2.17 Expenses

in ₹

Particulars	Year ended December 31,	
	2019	2018
Employee benefit expenses		
Salaries including bonus	19,29,35,161	22,26,83,639
Share-based payments to employees	89,669	–
Staff welfare	18,66,130	13,73,184
Total employee benefit expenses	19,48,90,960	22,40,56,823

in ₹

Particulars	Year ended December 31,	
	2019	2018
Other expenses		
Brand and marketing	1,03,868	1,15,959
Operating lease payments	95,37,337	74,87,446
Rates and taxes	6,11,910	7,98,371
Repairs and maintenance	6,19,863	2,30,475
Insurance	2,42,540	2,49,169
Auditor's remuneration	6,37,743	6,54,608
Others	11,28,999	(16,53,198)
Total other expenses	1,28,82,260	78,82,830

2.18 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period are as follows :

in ₹

Particulars	Year ended December 31,	
	2019	2018
Lease rentals recognized during the year	95,37,337	74,87,446

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,	
	2019	2018
Not later than 1 year	31,62,801	24,09,273
Later than 1 year and not later than 5 years	24,77,732	–
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 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,	
		2019	2018
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland	99.90%	99.90%

Name of the ultimate holding company	Country
Infosys Limited	India
List of fellow subsidiaries	
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) (25)	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	Chile
Infosys Arabia Limited (2)	Saudi Arabia
Infosys Consulting Ltda. (2)	Brazil
Infosys CIS LLC (1)(18)	Russia
Infosys Luxembourg S.a.r.l (1)(13)	Luxembourg
Infosys Americas Inc. (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (3)	Australia
Infosys Public Services, Inc. (Infosys Public Services)	US
Infosys Canada Public Services Inc (19)	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o. (4)	Czech Republic
Infosys Poland Sp z.o.o (4)	Poland
Infosys McCamish Systems LLC (4)	US
Portland Group Pty Ltd (4)	Australia
Infosys BPO Americas LLC. (4)	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc. (5)(11)	US
Infosys Management Consulting Pty Limited (5)	Australia
Infosys Consulting AG (5)	Switzerland
Infosys Consulting GmbH (5)	Germany
Infosys Consulting S.R.L. (1)	Romania
Infosys Consulting SAS (5)	France
Infosys Consulting s.r.o. (5)	Czech Republic
Infosys Consulting (Shanghai) Co. Ltd. (formerly Lodestone Management Consultants Co., Ltd) (5)	China
Infy Consulting Company Ltd (5)	UK
Infy Consulting B.V. (5)	The Netherlands
Infosys Consulting Sp. z.o.o (5)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (5)	Portugal
Infosys Consulting S.R.L. (5)	Argentina
Panaya Inc. (Panaya)	US
Panaya Ltd. (7)	Israel
Panaya GmbH (7)	Germany
Panaya Japan Co. Ltd (26)(7)	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited (8)	UK
Brilliant Basics (MENA) DMCC (8) (26)	UAE
Infosys Consulting Pte Limited (Infosys Singapore) (1)	Singapore

Name of the ultimate holding company	Country
Infosys Middle East FZ LLC [(9)]	UAE
Fluido Oy [(9)(14)]	Finland
Fluido Sweden AB (Extero) [(15)]	Sweden
Fluido Norway A/S [(15)]	Norway
Fluido Denmark A/S [(15)]	Denmark
Fluido Slovakia s.r.o [(15)]	Slovakia
Fluido Newco AB [(15)]	Sweden
Infosys Compaz Pte. Ltd (formerly Trusted Source Pte. Ltd) [(16)]	Singapore
Infosys South Africa (Pty) Ltd [(9)] [(17)]	South Africa
WongDoody Holding Company Inc. (WongDoody) [(10)]	US
WDW Communications, Inc [(12)]	US
WongDoody, Inc [(12)]	US
HIPUS [(20)]	Japan
Stater N.V.. [(21)]	The Netherlands
Stater Nederland B.V. [(22)]	The Netherlands
Stater Duitsland B.V. [(22)]	The Netherlands
Stater XXL B.V. [(22)]	The Netherlands
HypoCasso B.V. [(22)]	The Netherlands
Stater Participations B.V. [(22)]	The Netherlands
Stater Deutschland Verwaltungs-GmbH [(23)]	Germany
Stater Deutschland GmbH & Co. KG [(23)]	Germany
Stater Belgium N.V./S.A. [(24)]	Belgium

(1) Wholly-owned subsidiary of Infosys Limited
(2) Majority-owned and controlled subsidiary of Infosys Limited
(3) Liquidated effective November 17, 2019
(4) Wholly-owned subsidiary of Infosys BPM Limited
(5) Wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Wholly-owned subsidiary of Panaya Inc.
(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(9) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(10) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
(11) Liquidated effective May 4, 2018
(12) Wholly-owned subsidiary of WongDoody
(13) Incorporated effective August 6, 2018
(14) On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
(15) Wholly-owned subsidiary of Fluido Oy
(16) On November 16, 2018, Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
(17) Incorporated effective December 19,2018
(18) Incorporated effective November 29, 2018
(19) Incorporated effective November 27, 2018, wholly-owned subsidiary Infosys Public Services Inc
(20) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd, Japan
(21) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V
(22) Majority-owned and controlled subsidiaries of Stater N.V.
(23) Majority-owned and controlled subsidiaries of Stater Duitsland B.V.
(24) Majority-owned and controlled subsidiaries of Stater Participations B.V.
(25) Effective October 1, 2019, merged into Infosys Consulting Ltda, a majority-owned and controlled subsidiary of Infosys Limited
(26) Under liquidation

The details of amounts due to or due from related parties as at December 31, 2019 and December 31, 2018 are as follows

in ₹

Particulars	As at December 31,	
	2019	2018
Trade receivables		
Infosys Consulting AG	51,412	95,92,671
Infosys Consulting GmbH	–	20,38,970
Infy Consulting Company Ltd.	3,44,77,393	4,49,95,859
	3,45,28,805	5,66,27,500
Loans [(1)]		

Particulars	As at December 31,	
	2019	2018
Infosys Consulting Holding AG	19,55,62,362	27,34,50,537
	19,55,62,362	27,34,50,537
Trade payables		
Infosys Consulting AG	36,73,975	–
Infosys Consulting GmbH	–	11,03,770
Infy Consulting Company Ltd.	14,83,975	86,01,845
Infy Consulting B.V.	9,03,045	22,26,684
Infosys Consulting Sp. Z.o.o.	1,16,525	–
	61,77,520	1,19,32,299
Other payables		
Infosys Consulting AG	–	72,191
Infosys Consulting GmbH	–	1,07,69,001
Infosys Consulting SAS	–	11,86,596
Infosys Consulting Holding AG	–	86,084
Infy Consulting B.V.	–	25,65,838
Infosys Limited	4,28,513	2,74,672
	4,28,513	1,49,54,382
Other receivables		
Infy Consulting B.V.	–	9,38,363
Infosys Limited	5,06,556	5,05,860
	5,06,556	14,44,223
Accrued expenses		
Infosys Limited	2,19,077	1,25,373
	2,19,077	1,25,373

(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	For the year ended December 31	
	2019	2018
Capital transactions		
Financing transactions		
Loans (net of repayment)		
Infosys Consulting Holding AG	(7,96,93,973)	1,37,75,775
	(7,96,93,973)	1,37,75,775
Revenue transactions		
Purchase of shared services, facilities & personnel		
Infosys Consulting AG	13,66,610	13,50,736
Infosys Consulting GmbH	–	75,65,883
Infy Consulting Company Ltd.	86,25,574	86,81,955
Infy Consulting B.V.	5,40,925	17,47,401
Infosys Consulting Holding AG	–	86,652
Infosys Consulting Sp. Z.o.o.	1,15,382	–
	1,06,48,491	1,94,32,627
Interest expenses		
Infosys Consulting Holding AG	18,05,798	20,57,949
	18,05,798	20,57,949
Sale of services		
Infosys Consulting AG	2,79,20,291	87,24,788
Infosys Consulting GmbH	33,49,331	2,20,08,881
Infy Consulting Company Ltd.	32,47,77,025	29,84,29,730
Infy Consulting B.V.	–	1,39,798
	35,60,46,647	32,93,03,197
Management Fees		
Infy Consulting B.V.	19,76,110	26,20,709
	19,76,110	26,20,709

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 BPO Americas LLC

Independent auditor's report

To,

The Board of Directors

Infosys BPO Americas, LLC

We have audited the accompanying financial statements of Infosys BPO Americas, LLC (a Delaware corporation), which comprise the Balance Sheets as of March 31, 2020 and 2019 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 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, 2020 and 2019 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

Date: May 11, 2020

Infosys BPO Americas, LLC

Balance Sheet

(in US$)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
Assets			
Current assets			
Cash and cash equivalents	3	981,734	2,275,969
Accounts receivables, net of doubtful balances		244,402	116,939
Unbilled revenue		763,424	141,373
Prepayments and other assets		92,951	35,547
Total current assets		2,082,511	2,569,828
Non-current assets			
Plant and equipment		18,080	–
Total non-current assets		18,080	–
Total assets		2,100,591	2,569,828
Liabilities and equity			
Current liabilities			
Loan from related parties		–	513,596
Trade payables		150,204	144,366
Provisions		4,643	5,494
Other liabilities		799,395	487,680
Total current liabilities		954,242	1,151,136
Non-current liabilities			
Other non-current liabilities		–	–
Total non-current liabilities		–	–
Total liabilities		954,242	1,151,136
Member's equity			
Member's equity		3,000,000	3,000,000
Accumulated deficit		(1,853,651)	(1,581,308)
Total member's equity		1,146,349	1,418,692
Total liabilities and member's equity		2,100,591	2,569,828

The accompanying notes form an integral part of the financial statements

Prem Pereira
Authorized Signatory

Date: May 11, 2020

Statements of comprehensive income

(in US$)

	Notes	Year ended March 31,	
		2020	2019
Revenue		3,059,634	1,370,863
Cost of revenue	4	3,082,499	1,296,280
Gross profit / (loss)		(22,865)	74,583
Other expenses:			
Selling and marketing expenses		237	50,855
Administrative expenses		266,285	338,487
Total other expenses	5	266,522	389,342
Operating loss		(289,387)	(314,759)
Interest expense		4,329	12,500
Miscellaneous income		(21,373)	(2)
Loss before income taxes		(272,343)	(327,257)
Income tax expense		–	–
Net Profit / (Loss)		(272,343)	(327,257)
Other comprehensive income		–	–
Total comprehensive loss		(272,343)	(327,257)

The accompanying notes form an integral part of the financial statements

Prem Pereira
Authorized Signatory

Date: May 11, 2020

Statements of changes in member's equity

(in US$)

Particulars	Member's equity	Additional paid in capital	Accumulated deficit	Total member's equity
Balance as of April 1, 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
Changes in members equity for the period ended March 31, 2020				
Net loss for the period	–	–	(272,343)	(272,343)
Balance as of March 31, 2020	1,000,000	2,000,000	(1,853,651)	1,146,349

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

Prem Pereira
Authorized Signatory

Date: May 11, 2020

Statement of cash flows

(in US$)

Particulars	Year ended March 31, 2020	2019
Cash flows from operating activities		
Net loss for the period	(272,343)	(327,257)
Adjustments to reconcile net profit to net cash provided by operating activities:		
Provision for service level risk on revenue contracts	(851)	5,494
Allowance for doubtful accounts	8,103	1,559
Depreciation	4,669	–
Exchange difference	2	(2)
Interest expense	4,328	12,500
Cash operating loss	(256,091)	(307,706)
Changes in assets and liabilities		
Accounts receivable	(129,228)	(117,643)
Prepayments and other assets	(57,404)	49,765
Unbilled revenues	(628,392)	(142,227)
Trade payables	5,838	144,366
Other liabilities and provisions	311,715	217,381
Net cash used in operating activities	(753,562)	(156,064)
Cash flows from investing activities		
Expenditure on property, plant and equipment	(22,749)	–
Net cash used in investing activities	(22,749)	–
Cash flows from financing activities		
Capital Infusion	–	2,000,000
Repayment of loan to related parties	(517,924)	–
Net cash from / (used in) financing activities	(517,924)	2,000,000
Net changes in cash and cash equivalents	(1,294,235)	1,843,936
Cash and cash equivalents at the beginning of the period	2,275,969	432,033
Cash and cash equivalents at the end of the period	981,734	2,275,969
Supplementary information		
Interest paid during the period	17,295	–

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

Prem Pereira
Authorized Signatory

Date: May 11, 2020

Infosys BPO Americas, LLC

Financial statements for the year ended March 31, 2020

Notes to the financial statements for the year ended March 31, 2020

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 US Generally Accepted Accounting Principles to reflect the financial position and results of operations of the Company. The financial statements have been presented in United States Dollars.

1.3 Use of estimates

The preparation of financial statements is in conformity with US Generally Accepted Accounting Principles (US GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Estimation of uncertainties relating to the global pandemic from COVID-19 (COVID-19)

The Company has considered the possible effects that may result from the COVID-19 pandemic on the carrying amounts of receivables and unbilled revenues. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information and related information and economic forecasts. The Company expects to recover the carrying amount of these assets and will continue to closely monitor any material changes to future economic conditions.

1.4 Revenue recognition

Revenue from mortgage fulfillment 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. The Company has adopted ASC 606 from April 1, 2019 using the modified retrospective method and does not have major impact on the Company on adoption.

1.5 Plant and equipment

Property and equipment are stated at cost, less accumulated depreciation. The Company depreciates property and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Computer equipment	3-5 years
Office furniture and equipment	5 years

Leasehold improvements are amortized on a straight line basis over the lesser of the remaining lease term or the estimated useful life of the asset.

For computer equipment, based on internal assessment and independent technical evaluation carried out by external valuers the Management believes that the useful lives as given above best represent the period over which Management expects to use these assets.

The cost of software purchased for internal use is accounted under FASB ASC Topic 350-40 (SOP 98-1), Accounting for the Costs of Computer Software Developed or Obtained for Internal Use. Deposits paid towards the acquisition of these long lived assets outstanding at each Balance Sheet date and the cost of assets not put to use before such date are disclosed under "Capital work-in-progress". Costs of improvements that substantially extend the useful life of particular assets are capitalized. Repairs and maintenance cost are charged to earnings when incurred. The cost and related accumulated depreciation are removed from the financial statements upon sale or disposition of the asset.

The Company evaluates the recoverability of these assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value. Assets to be disposed are reported at the lower of the carrying value or the fair value less the cost to sell.

1.6 Cash and cash equivalents

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

1.7 Accounts receivable

Accounts receivable are recorded at the invoiced amount. The Company's accounts receivable relate principally to revenue earned from customers located in the United States.

The Company maintains an allowance for doubtful accounts to provide coverage for losses from client receivables. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and customers' financial condition, the amount of receivables in dispute, the current receivables aging and current payment patterns. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

1.8 Employee benefit obligations

The employees of the Company are entitled to compensated absences which is non-accumulating in nature. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.9 Income taxes

Income taxes are accounted using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred tax assets and liabilities is recognized as income or expense in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance if it is more likely than not that some portion or all of the assets will not be realized. Changes in valuation allowance from period to period are reflected in the income statement of the period of change.

2. Member's equity

At March 31, 2020, 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,	
	2020	2019
-Current account	981,734	2,275,969

4. Cost of revenue

In US$

Particulars	For the year ended March 31,	
	2020	2019
Salaries	1,587,350	723,344
Subcontractor charges	1,078,110	566,432
Others	417,039	6,504
Total	3,082,499	1,296,280

5. Other expenses

In US$

Particulars	For the year ended March 31,	
	2020	2019
Salaries	72,137	187,358
Legal and professional charges	78,647	33,381
Others(insurance, rates and taxes)	115,738	168,602
Total	266,522	389,342

6. Related party transactions

Name of the related party and their relationships:

Holding Company- Infosys BPM Limited (formerly known as IBPO Limited)

The details of the related party transactions entered into by the Company during the years ended March 31, 2020 and March 31, 2019 as follows

In US$

Loan Repayment	For the year ended March 31,	
	2020	2019
Infosys Public Services Limited	517,925	–
	517,925	–

in US$

Capital infusion	For the Year ended March 31,	
	2020	2019
Infosys BPM Limited	–	2,000,000
	–	2,000,000

The details of the amount due to or due from the related parties as at March 31, 2020 and March 31, 2019 as follows

in US$

Loans	As at March 31,	
	2020	2019
Infosys Public Services Limited	–	513,596
	–	513,596

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

Date: May 11, 2020

Infosys Consulting S.R.L. (Romania)

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 (registered in Romania) ('the company'), which comprises the Balance sheet as at 31st December 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 December 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, read with relevant rule issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Registration Number. 006673S
UDIN : 20202841AAABSR1753

(M Rathnakar Kamath)
Partner
Membership Number. 202841.

Place: Bengaluru.
Date: March 16, 2020

Balance Sheet

in RON

Particulars	Note no.	As at December 31,	
		2019	2018
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	13,597,501	3,153,914
Capital work-in-progress		–	3,082,381
Total non-current assets		13,597,501	6,236,295
Current assets			
Financial assets			
Trade receivables	2.4	6,798,882	3,778,318
Cash and cash equivalents	2.5	390,016	1,389,645
Loans	2.2	315,207	336,512
Other financial assets	2.3	1,588,045	900,836
Other current assets	2.6	5,411,896	2,717,722
Total current assets		14,504,046	9,123,033
Total assets		28,101,547	15,359,328
Equity and liabilities			
Equity			
Equity share capital	2.8	9,918,300	9,918,300
Other equity		6,312,005	2,854,935
Total equity		16,230,305	12,773,235
Liabilities			
Current liabilities			
Borrowings		5,041,096	–
Trade payables	2.10	926,661	345,682
Other financial liabilities	2.9	3,670,681	1,870,410
Other current liabilities	2.11	1,861,619	–
Income tax liabilities, net	2.12	371,185	370,001
Total current liabilities		11,871,242	2,586,093
Total equity and liabilities		28,101,547	15,359,328

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
March 16, 2020

for and on behalf of the Board of Directors of Infosys Consulting S.R.L.

Cristin Florescu
Director

Umashankar Lakshmipathy
Director

Statement of Profit and Loss

in RON, except equity share and per equity share data

Particulars	Note no.	Year ended December 31,	
		2019	2018
Revenue from operations	2.13	61,668,738	19,729,616
Other income, net	2.14	326,407	68,544
Total income		61,995,145	19,798,160
Expenses			
Employee benefit expenses	2.15	41,857,885	13,801,158
Cost of technical sub-contractors		486,160	243,372
Travel expenses		3,622,025	2,151,429
Communication expenses		698,279	192,922
Consultancy and professional charges		1,804,430	694,382
Depreciation expenses	2.1	2,435,200	161,520
Finance cost		41,096	6,313
Other expenses	2.15	6,764,051	1,286,540
Total expenses		57,709,126	18,537,636
Profit before tax		4,286,019	1,260,524
Tax expense			
Current tax	2.12	828,949	82,955
Deferred tax	2.12	–	–
Profit for the year		3,457,070	1,177,569
Earnings per equity share			
Equity shares of RON 100 par value each			
Basic (RON)		34.86	11.87
Diluted (RON)		34.86	85.41
Weighted average equity shares used in computing earnings per equity share			
Basic		99,183	99,183
Diluted		99,183	13,787

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
March 16, 2020

for and on behalf of the Board of Directors of Infosys Consulting S.R.L.

Cristin Florescu
Director

Umashankar Lakshmipathy
Director

Statement of Changes in Equity

in RON

Particulars	Equity share capital	Other equity				Total equity attributable to equity holders of the Company
		Reserves and surplus				
		Securities premium	Retained earnings	General reserve	Other reserves	
Balance as at January 1, 2018	6,00,000	8,00,000	28,63,081	147,887	120,000	45,30,968
Changes in equity for the year ended December 31, 2018						
Increase in share capital	9,318,300	–	–	–	–	9,318,300
Dividend paid during the year	–	–	(2,253,601)	–	–	(2,253,601)
Profit for the year	–	–	1,177,569	–	–	1,177,569
Balance as at December 31, 2018	9,918,300	8,00,000	17,87,049	1,47,887	1,20,000	1,27,73,236
Changes in equity for the year ended December 31, 2019						
Profit for the year	–	–	3,457,070	–	–	3,457,070
Balance as at December 31, 2019	9,918,300	800,000	5,244,119	147,887	120,000	16,230,306

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.

Cristin Florescu
Director

Umashankar Lakshmipathy
Director

Bengaluru
March 16, 2020

Statements of Cash Flows

in RON

Particulars	Note no.	Year ended December 31, 2019	Year ended December 31, 2018
Cash flows from operating activities			
Profit for the year		3,457,070	1,177,569
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation expense	2.1	2,435,200	161,520
Finance cost		41,096	6,313
Income tax expense	2.12	828,949	82,955
Changes in assets and liabilities			
Trade receivables		(3,020,564)	(2,527,392)
Other financial assets and other assets		(3,381,383)	(3,219,039)
Trade payables		580,979	342,344
Other financial liabilities, other liabilities and provisions		3,661,890	970,368
Cash generated from operations		4,603,237	(3,005,362)
Income taxes paid		(827,765)	(160,700)
Net cash from / (used in) operating activities		3,775,472	(3,166,062)
Cash flow from investing activities			
Expenditure on property, plant and equipment net of sale proceeds		(9,796,406)	(6,272,696)
Loans to employees		21,305	(301,958)
Net cash used in investing activities		(9,775,101)	(6,574,654)
Cash flow from financing activities			
Proceeds from Issue of share capital		–	9,318,300
Loan taken from holding company		5,041,096	–
Finance cost		(41,096)	(6,313)
Dividend paid		–	(2,253,601)
Net cash from financing activities		5,000,000	7,058,386
Net decrease in cash and cash equivalents		(999,629)	(2,682,330)
Cash and cash equivalents at the beginning of the year	2.5	1,389,645	4,071,975
Cash and cash equivalents at the end of the year	2.5	390,016	1,389,645

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
March 16, 2020

for and on behalf of the Board of Directors of Infosys Consulting S.R.L.

Cristin Florescu
Director

Umashankar Lakshmipathy
Director

Company overview

Infosys Consulting S.R.L. (formerly S.C. Infosys Consulting S.R.L.) (registered in Romania) became a wholly-owned subsidiary of Infosys Limited effective February 1, 2019. 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 Romanian Lei (RON).

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

The Company derives revenues primarily from consultancy services.

Effective January 1, 2019, 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 January 1, 2019. 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 for software related services are either on a fixed-timeframe or on a time-and-material basis.

1.5.1 T&M

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.

1.5.2 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 Ind AS 115 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.

1.5.3 Volume discounts

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.

1.5.4 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.

1.5.5 Tax

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

1.6 Provisions

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

1.7 Post-sales client support

The Company provides its clients with a fixed-period 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

Leasehold improvements - Over the lease tenure

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 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 Romanian Lei. These financial statements are presented in its functional currency.

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 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 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.

1.19 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 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 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. 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 (January 1, 2020). The effect of adoption is not expected to material for the Company's financial statements.

2.1 Property, plant and equipment

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

in RON

Particulars	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Leasehold Improvements	Total
Gross carrying value as at January 1, 2019	2,182	29,731	3,244,199	66,205	–	3,342,317
Additions / Adjustments	–	1,045,989	4,255,165	5,915,726	1,700,207	12,917,087
Deletions / Adjustments	(2,182)	(6,083)	(164,964)	(66,205)	–	(239,434)
Other adjustments	–	3,186	343,410	–	–	346,596
Gross carrying value as at December 31, 2019	–	1,072,823	7,677,810	5,915,726	1,700,207	16,366,566
Accumulated depreciation as at January 1, 2019	1,323	18,544	141,700	26,836	–	188,403
Depreciation	85	128,433	1,306,564	858,434	141,684	2,435,200
Accumulated depreciation on deletions	(1,408)	(4,152)	(164,964)	(30,610)	–	(201,134)
Other Adjustments	–	3,186	343,410	–	–	346,596
Accumulated depreciation as at December 31, 2019	–	146,011	1,626,710	854,660	141,684	2,769,065
Carrying value as at December 31, 2019	–	926,812	6,051,100	5,061,066	1,841,891	13,597,501
Carrying value as at January 1, 2019	859	11,187	3,102,499	39,369	1,841,891	3,153,914

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

in RON

Particulars	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Leasehold Improvements	Total
Gross carrying value as at January 1, 2018	–	–	391,477	107,123	–	498,600
Additions	2,182	29,731	3,214,810	5,496	–	3,252,219
Deletions	–	–	(362,088)	(46,414)	–	(408,502)
Gross carrying value as at December 31, 2018	2,182	29,731	3,244,199	66,205	–	3,342,317
Accumulated depreciation as at January 1, 2018	–	–	337,920	35,561	–	373,481
Depreciation	(40)	(1,831)	154,945	8,446	–	161,520
Accumulated depreciation on deletions	–	–	(351,165)	(17,171)	–	(368,336)
Other Adjustments	1,363	20,375	–	–	–	21,738
Accumulated depreciation as at December 31, 2018	1,323	18,544	141,700	26,836	–	188,403
Carrying value as at December 31, 2018	859	11,187	3,102,499	39,369	–	3,153,914
Carrying value as at January 1, 2018	–	–	53,557	71,562	–	125,119

2.2 Loans

in RON

Particulars	As at December 31,	
	2019	2018
Current		
Unsecured, considered good		
Other loans		
Loans and advances to employees	315,207	336,512
Total loans	315,207	336,512

2.3 Other financial assets

in RON

Particulars	As at December 31,	
	2019	2018
Current		
Rental deposits [1]	1,588,045	815,058
Others [1]	–	85,778
Total	1,588,045	900,836
[1] Financial assets carried at amortized cost (Refer to Note 2.7)	1,588,045	900,836

2.4 Trade receivables

in RON

Particulars	As at December 31,	
	2019	2018
Current		
Unsecured		
Considered good [1]	6,798,882	3,778,318
	6,798,882	3,778,318
[1] Includes dues from related parties (Refer to Note 2.17)	6,798,882	3,778,318

2.5 Cash and cash equivalents

in RON

Particulars	As at December 31,	
	2019	2018
Balances with banks		
In current accounts	390,016	1,389,645
Total cash and cash equivalents	390,016	1,389,645

2.6 Other assets

in RON

Particulars	As at December 31,	
	2019	2018
Current		
Advances other than capital advance		
Payment to vendors for supply of goods	4,010,742	810,916
Others		
Prepaid expenses	475,731	439,866
Withholding taxes and others	925,423	1,466,940
Total current other assets	5,411,896	2,717,722

2.7 Financial instruments

Financial instruments by category

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

in RON

Particulars	As at December 31,	
	2019	2018
Assets		
Cash and cash equivalents (Refer to Note 2.5)	390,016	1,389,645
Trade receivables (Refer to Note 2.4)	6,798,882	3,778,318
Loans (Refer to Note 2.2)	315,207	336,512
Other financial assets (Refer to Note 2.3)	1,588,045	900,836
Total	9,092,150	6,405,311
Liabilities		
Trade payables (Refer to Note 2.10)	926,661	345,682
Other financial liabilities (Refer to Note 2.9)	2,197,607	983,806
Total	3,124,268	1,329,488

All the above financial assets and financial 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 RON 6,798,882 and RON 3,778,318 as of December 31, 2019 and December 31, 2018, respectively and unbilled revenue amounting to NIL and NIL as of December 31, 2019 and December 31, 2018, 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 credit rating agencies and the Company's historical experience for customers.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents.

As of December 31, 2019, the Company had a negative working capital of RON 1,641,089 including cash and cash equivalents of RON 390,016. As of December 31, 2018, the Company had a working capital of RON 6,536,940 including cash and cash equivalents of RON 1,389,645.

As of December 31, 2019 and December 31, 2018, the outstanding compensated balances were RON 1,473,074 and RON 886,604 respectively.

2.8 Equity

Equity share capital

in RON, except as stated otherwise

Particulars	As at December 31,	
	2019	2018
Authorized		
99,183 (99,183) equity shares of RON 100 par value, fully paid	9,918,300	9,918,300
Issued, subscribed and paid-up		
99,183 (99,183) equity shares of RON 100 par value, fully paid	9,918,300	9,918,300
	9,918,300	9,918,300

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

in RON, except as stated otherwise

Name of the shareholder	As at December 31, 2019		As at December 31, 2018	
	Number of shares	% held	Number of shares	% held
Infosys Consulting Holding AG				
(formerly Lodestone Holding AG)	–	–	99,183	100.00
Infosys Limited	99,183	100.00	–	–

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2019 and December 31, 2018 is as follows :

in RON, except as stated otherwise

Particulars	As at December 31, 2019		As at December 31, 2018	
	Number of shares	Amount	Number of shares	Amount
Number of shares at the beginning of the period	99,183	9,918,300	6,000	600,000
Issue of shares during the year	–	–	93,183	9,318,300
Number of shares at the end of the period	99,183	9,918,300	99,183	9,918,300

2.9 Other financial liabilities

in RON

Particulars	As at December 31,	
	2019	2018
Current		
Others		
Accrued compensation to employees [1]	1,949,637	934,887
Accrued expenses [1] [2]	148,458	31,097
Compensated absences	1,473,074	886,604
Other payables [1][3]	99,512	17,822
Total financial liabilities	3,670,681	1,870,410
[1] Financial liability carried at amortized cost	2,197,607	983,806
[2] Includes dues to related parties (Refer to Note 2.17)	61,054	31,097
[3] Includes dues to related parties (Refer to Note 2.17)	84	11,891

2.10 Trade payables

in RON

Particulars	As at December 31,	
	2019	2018
Trade payables [1]	926,661	345,682
	926,661	345,682
[1] Includes dues to related parties (Refer to Note 2.17)	824,238	271,490

2.11 Other liabilities

in RON

Particulars	As at December 31,	
	2019	2018
Current		
Others		
Withholding taxes and others	1,861,619	–
	1,861,619	–

2.12 Income taxes

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

in RON

Particulars	Year ended December 31,	
	2019	2018
Current taxes	828,949	82,955
Income tax expense	828,949	82,955

Current tax expense for the years ended December 31, 2019 and December 31, 2018 includes reversals (net of provisions) amounting to RON 133,220 and RON 104,351 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 RON

Particulars	Year ended December 31,	
	2019	2018
Profit before income tax	4,286,019	1,260,524
Enacted tax rates in Romania (%)	16.00	16.00
Computed expected tax expense	685,763	201,684
UTP Provision	–	314,634
Tax provisions / (reversal)	55,231	–
Tax reversals, overseas and domestic - Prior year	(133,220)	(104,351)
Others	221,175	(118,837)
Income tax expense	828,949	293,130

The applicable Romanian statutory tax rate for the year ended December 31 2019 and December 31, 2018 is 16%.

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

in RON

Particulars	As at December 31,	
	2019	2018
Income tax assets	–	–
Current income tax liabilities	371,185	370,001
Net current income tax assets / (liability) at the end	(371,185)	(370,001)

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

in RON

Particulars	Year ended December 31,	
	2019	2018
Net current income tax asset / (liability) at the beginning	(370,001)	(447,746)
Income tax paid	827,765	160,700
Current income tax expense	(828,949)	(82,955)
Net current income tax asset / (liability) at the end	(371,185)	(370,001)

2.13 Revenue from operations

in RON

Particulars	Year ended December 31,	
	2019	2018
Income from consultancy services	61,668,738	19,729,616
	61,668,738	19,729,616

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers by offerings for the year ended December 31, 2019. 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 RON

Particulars	Year ended December 31, 2019
Revenue by offerings	
Core	59,094,974
Digital	2,573,764
Total	61,668,738

Digital Services

Digital Services comprise of service and solution offerings of the Company that enable our clients to transform their businesses. These include offerings that enhance customer experience, leverage AI-based analytics and big data, engineer digital products and IoT, modernize legacy technology systems, migrate to cloud applications and implement advanced cybersecurity systems.

Core Services

Core Services comprise traditional offerings of the Company that have scaled and industrialized over a number of years. These primarily include application management services, proprietary application development services, independent validation solutions, product engineering and management, infrastructure management services, traditional enterprise application implementation, support and integration services.

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 Group expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Group 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 at December 31, 2019, other than those meeting the exclusion criteria mentioned above, is ₹ NIL. Out of this, the Group expects to recognize revenue of around 100% within the next one year and the remaining thereafter. The contracts can generally be terminated by the customers and typically includes an enforceable termination penalty payable by them.

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 Group for the year ended December 31, 2019 is insignificant.

2.14 Other income

in RON

Particulars	Year ended December 31,	
	2019	2018
Miscellaneous income, net	326,407	68,544
	326,407	68,544

2.15 Expenses

in RON

Particulars	Year ended December 31,	
	2019	2018
Employee benefit expenses		
Salaries including bonus	41,255,284	13,797,324
Staff welfare	602,601	3,834
	41,857,885	13,801,158
Other expenses		
Power and fuel	121,681	25,735
Cost of software packages and others for own use	107,738	–
Brand and marketing	372,207	61,310
Operating lease payments	2,073,232	295,527
Rates and taxes	15,850	588
Repairs and maintenance	1,521,330	260,611
Consumables	677,163	324,875
Insurance	32,219	6,145
Exchange (gains) / losses on translation of other assets and liabilities	1,653,935	276,382
Others	188,696	35,367
	6,764,051	1,286,540

2.16 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period are as follows :

in RON

Particulars	Year ended December 31,	
	2019	2018
Lease rentals recognized during the year	2,073,232	295,527

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

in RON

Future minimum lease payable	As at December 31,	
	2019	2018
Not later than 1 year	15,065,148	1,347,003
Later than 1 year and not later than 5 years	60,030,240	9,236,589
Later than 5 years	12,472,673	4,425,866

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.

2.17 Related party transactions

List of related parties:

Name of the holding companies	Country	Holding as at December 31,	
		2019	2018
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland	0%	100%
Infosys Limited (effective February 1, 2019)	India	100%	0%

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) [25]	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	Chile
Infosys Arabia Limited [2]	Saudi Arabia
Infosys Consulting Ltda. [2]	Brazil
Infosys CIS LLC [1][18]	Russia
Infosys Luxembourg S.a.r.l [1][13]	Luxembourg
Infosys Americas Inc. (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [3]	Australia

Name of subsidiaries	Country
Infosys Public Services, Inc. (Infosys Public Services)	US
Infosys Canada Public Services Inc [19]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o. [4]	Czech Republic
Infosys Poland Sp z.o.o [4]	Poland
Infosys McCamish Systems LLC [4]	US
Portland Group Pty Ltd [4]	Australia
Infosys BPO Americas LLC. [4]	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc. [5] [11]	US
Infosys Management Consulting Pty. Limited [5]	Australia
Infosys Consulting AG [5]	Switzerland
Infosys Consulting GmbH [5]	Germany
Infosys Consulting SAS [5]	France
Infosys Consulting s.r.o. [5]	Czech Republic
Infosys Consulting (Shanghai) Co. Ltd. (formerly Lodestone Management Consultants Co., Ltd) [5]	China
Infy Consulting Company Ltd [5]	UK
Infy Consulting B.V. [5]	The Netherlands
Infosys Consulting Sp. z.o.o [5]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [5]	Portugal
Infosys Consulting S.R.L. [5]	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) [6]	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd.[7]	Israel
Panaya GmbH [7]	Germany
Panaya Japan Co. Ltd [26] [7]	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited [8]	UK
Brilliant Basics (MENA) DMCC [8] [26]	UAE
Infosys Consulting Pte Limited (Infosys Singapore) [1]	Singapore
Infosys Middle East FZ LLC [9]	UAE
Fluido Oy [9][14]	Finland
Fluido Sweden AB (Extero) [15]	Sweden
Fluido Norway A/S [15]	Norway
Fluido Denmark A/S [15]	Denmark
Fluido Slovakia s.r.o [15]	Slovakia
Fluido Newco AB [15]	Sweden
Infosys Compaz Pte. Ltd (formerly Trusted Source Pte. Ltd) [16]	Singapore
Infosys South Africa (Pty) Ltd [9] [17]	South Africa
WongDoody Holding Company Inc. (WongDoody) [10]	US
WDW Communications, Inc [12]	US
WongDoody, Inc [12]	US
HIPUS [20]	Japan
Stater N.V. [21]	The Netherlands
Stater Nederland B.V. [22]	The Netherlands
Stater Duitsland B.V. [22]	The Netherlands
Stater XXL B.V. [22]	The Netherlands
HypoCasso B.V. [22]	The Netherlands
Stater Participations B.V. [22]	The Netherlands
Stater Deutschland Verwaltungs-GmbH [23]	Germany
Stater Deutschland GmbH & Co. KG [23]	Germany
Stater Belgium N.V./S.A. [24]	Belgium

(1) Wholly-owned subsidiary of Infosys Limited

(2) Majority-owned and controlled subsidiary of Infosys Limited

(3) Liquidated effective November 17, 2019

(4) Wholly-owned subsidiary of Infosys BPM Limited

(5) Wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(7) Wholly-owned subsidiary of Panaya Inc.
(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(9) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(10) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
(11) Liquidated effective May 4, 2018
(12) Wholly-owned subsidiary of WongDoody
(13) Incorporated effective August 6, 2018
(14) On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
(15) Wholly-owned subsidiary of Fluido Oy
(16) On November 16, 2018, Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
(17) Incorporated effective December 19,2018
(18) Incorporated effective November 29, 2018
(19) Incorporated effective November 27, 2018, wholly-owned subsidiary Infosys Public Services Inc
(20) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd, Japan
(21) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V.
(22) Majority-owned and controlled subsidiaries of Stater N.V.
(23) Majority-owned and controlled subsidiaries of Stater Duitsland B.V.
(24) Majority-owned and controlled subsidiaries of Stater Participations B.V.
(25) Effective October 1, 2019, merged into Infosys Consulting Ltda, a majority-owned and controlled subsidiary of Infosys Limited
(26) Under liquidation

The details of amounts due to or due from related parties as at December 31, 2019 and December 31, 2018 are as follows

in RON

Particulars	As at December 31,	
	2019	2018
Trade receivables		
Infosys Consulting AG	50,289	84,551
Infosys Consulting Sp. z.o.o	34,771	-
Infosys Consulting GmbH	159,723	253,350
Infy Consulting Company Ltd	6,554,099	3,440,417
	6,798,882	3,778,318
Trade payables		
Infy Consulting Company Ltd	24,096	49,125
Infosys Consulting GmbH	–	8,460
Infy Consulting B.V.	98,605	–
Infosys Consulting AG	701,537	213,905
	824,238	271,490
Other payables		
Infosys Limited	84	367
Infosys Consulting Holding AG (Infosys Lodestone)	–	3,790
Infy Consulting B.V.	–	7,734
	84	11,891
Accrued expenses		
Infosys Limited	61,054	31,097
	61,054	31,097
Borrowings		
Infosys Limited	5,041,096	–
	5,041,096	–

in RON

Particulars	Year ended December 31,	
	2019	2018
Capital transactions		
Financing transactions		
Equity		
Infosys Consulting Holding AG (Infosys Lodestone)	–	9,318,300
	–	9,318,300
Borrowings		
Infosys Limited	5,000,000	–
	5,000,000	–
Revenue transactions		

Particulars	Year ended December 31,	
	2019	2018
Purchase of shared services including facilities and personnel		
Infosys Consulting Holding AG (Infosys Lodestone)	–	3,790
Infy Consulting Company Ltd	25,193	49,657
Infosys Consulting GmbH	–	12,702
Infy Consulting B.V.	99,031	7,734
Infosys Consulting AG	1,065,527	378,811
	1,189,751	452,694
Sale of services		
Infosys Consulting AG	1,678,923	1,295,052
Infy Consulting Company Ltd	57,812,283	14,618,698
Infosys Consulting Sp. z.o.o	159,979	–
Infosys Consulting GmbH	2,017,554	3,815,866
	61,668,739	19,729,616
Dividend paid		
Infosys Consulting Holding AG (Infosys Lodestone)		
	–	2,253,601
	–	2,253,601
Interest expense		
Infosys Consulting Holding AG (Infosys Lodestone)	–	6,314
Infosys Limited	41,096	–
	41,096	6,314

2.18 Segment reporting

The Company is engaged in providing consultancy service in a single geography. Based on the 'management approach', as defined in Ind AS 108, Segment Reporting, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of the performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108 Segment Reporting.

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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, 2019, and the related statements of income, changes in equity and cash flows for the years 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 ITS mentioned as fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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, 2019 and 2018 the results of its operations, changes in equity and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Fernando Landa E.

April 3, 2019

Statements of Financial Position

in Th$

Particulars	Note no.	As at December 31,	
		2019	2018
Assets			
Current assets			
Cash and cash equivalents	4	527.865	291.21
Trade receivables of related parties	5	157.292	323.823
Other non-financial assets	6	11.668	11.668
Current tax assets		11.737	–
Total current assets		708.562	626.7
Total assets		708.562	626.701

Attached notes from 1 to 13 are an integral part of these financial statements.

in Th$

Particulars	Note no.	As at December 31,	
		2019	2018
Liabilities			
Current Liabilities			
Trade and other payables	7	43.889	55.229
Trade payables of related parties	5	11.292	2.14
Employee benefit liabilities	8	164.961	49.884
Total Current Liabilities		220.142	107.25
Equity			
Share capital	9	604.31	604.31
Retained earnings	9	-115.89	-84.863
Total Equity		488.42	519.45
Total Equity and Liabilities		708.562	626.7

Attached notes from 625 to 627 are an integral part of these financial statements.

Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

in Th$

Particulars	Note no.	For the year ended December 31,	
		2019	2018
Continuing Operations			
Revenues	10	1.411.028	323.823
Cost of sales	11	(1.101.172)	(-241.82)
Gross profit		309.856	82
Administrative expenses	12	(-324.65)	(-166.51)
Other expenses		(-4.761)	–
Financial expenses		(-1.176)	(-247)
Exchange difference		(-10.296)	-106
Profit (Loss) before taxes		(-31.027)	(-84.863)
Deferred tax income (expense)		–	–
Profit (Loss) For The Year		(-31.027)	(-84.863)

Attached notes from 625 to 627 are an integral part of these financial statements.

Statements of Changes in Equity

Chart of equity movements

For the year ended December 31, 2019

in Th$

Particulars	Share capital	Retained earnings	Total equity
Balance at January 1, 2019	604.31	-84.863	519.447
Loss of period	–	-31.027	-31.027
Balance at December 31, 2019	604.31	-115.89	488.42

For the year ended December 31, 2018

in Th$

Particulars	Share capital	Retained earnings	Total equity
Balance at January 1, 2018	1	–	1
Loss of period	–	-84.863	-84.863
Capital contributions	603.31	–	603.31
Balance at December 31, 2018	604.31	-84.863	519.447

Attached notes from 625 to 627 are an integral part of these financial statements.

Statements of Cash Flows

in Th$

Particulars	For the year ended December 31,	
	2019	2018
Loss of period	-31.027	-84.863
Charges (credits) to results that do not represent cash flow:		
Exchange difference	10.296	106
Operating activities:		
Decreases (increases) in other-non-financial assets	-	-11.668
Decreases (increases) in trade receivables of related parties	156.234	-323.822
Increases (decreases) in Trade and other payables	-11.34	55.229
Increases (decreases) in Trade payables of related parties	9.152	2.14
Increases (decreases) in provisions	115.077	49.884
Current tax asset and liability adjustments	-11.737	-
Decreases (increases) in other assets	-	1.23
Net cash used in operating activities	236.655	-311.764
Financing activities:		
Capital contributions	-	602.974
Net cash from financing activities	-	602.974
Net increase in cash and cash equivalents	236.655	291.21
Cash and cash equivalents at beginning of year	291.21	-
Cash and cash equivalents at end of year	527.865	291.21

Attached notes from 625 to 627 are an integral part of these 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 27th Notary Public of Santiago "Eduardo Avello Concha".

Its main objective is the design, development and commercialization of software.

The shareholders and their respective participation are:

Name shareholder	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 periods

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

Accumulated	As at December 31,	
	2019	2018
Statement of financial position	Yes	Yes
Statement of comprehensive income	Yes	Yes
Statement of cash flows	Yes	Yes
Statement of changes in equity	Yes	Yes

2.2 Basis of preparation

a) Financial statements

The information contained in the financial statements as of December 31, 2019 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) Statements of financial position

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

f) Statements of cash flow

The Company has chosen to present its statement of cash flow in accordance with the indirect method.

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 basis

The closing exchange rates used as of December 31, 2019 and 2018 are as follows:

in Th$

Particulars	As at December 31,	
	2019	2018
US Dollar	748,74	694,77
Euros	839,58	794,75
UF	28.309,94	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, 2019. 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 – New standards, interpretations and amendments of IFRS

The standards, interpretations and amendments to IFRS that came into effect on the date of the financial statements, their nature and impacts are detailed below:

	Standards and interpretations	Mandatory application date
IFRS 16	Leases	January 1, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019

	Standards and interpretations	Mandatory application date
IFRS 9	Financial Instruments - negative offset payments	January 1, 2019
IAS 12	Income Taxes - tax consequences of payments related to financial instruments classified as equity	January 1, 2019
IAS 23	Borrowing Costs - borrowing costs eligible to be capitalized	January 1, 2019

	Standards and interpretations	Mandatory application date
IAS 19	Employee Benefits - Modification, reduction or liquidation of the plan	January 1, 2019

The standards and interpretations, as well as the amendments to IFRS, which have been issued, but have not yet entered into force as of the date of these financial statements, are detailed below. The Company has not applied these standards in advance:

	Standards and interpretations	Mandatory application date
Conceptual Framework	Conceptual Framework (revised)	January 1, 2020

	Standards and interpretations	Mandatory application date
IFRS 3	Defining a business	January 1, 2020
IAS 1 and IAS 8	Definition of material	January 1, 2020
IFRS 9, IAS 9 and IFRS 7	Reform of the Reference Interest Rate	January 1, 2020

Note 4 – Cash and cash equivalents

The composition of the item as of December 31, 2019 and 2018 are as follow:

in Th$

Banks	As at December 31,	
	2019	2018
Santander Bank	527.865	291.210
Total	527.865	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 5 – Trade receivables and payables of related parties

The composition of the item as of December 31, 2019 and 2018 are as follow:

a) Trade receivables, currents

in Th$

Tax ID	Related party	Nature	As at December 31,	
			2019	2018
O-E	Infosys Limited	Provision of services	111.651	62.481
O-E	Infosys Mexico	Provision of services	45.641	261.342
	Total		157.292	323.823

b) Trade payables, currents

in Th$

Tax ID	Related party	Nature	As at December 31,	
			2019	2018
O-E	Infosys Limited	Debts payments	11.292	2.14
	Total		11.292	2.14

Note 6 – Other non-financial assets

The composition of the item as of December 31, 2019 and 2018 are as follows:

in Th$

Concept	As at December 31,	
	2019	2018
Guarantee of rental Regus	8.483	8.483
Guarantee of rental Wework	3.185	3.185
Total	11.668	11.668

Note 7 – Trade and other payables

The composition of the item as of December 31, 2019 and 2018 are as follows:

in Th$

Concept	As at December 31,	
	2019	2018
Professional services and fees accrual	26.587	38.731
Social security, salaries and taxes payables	10.287	11.087
Travel expenses	2.464	-
Rental expenses accrual	2.144	2.144
IT services accrual	2	2.86
Insurance expenses accrual	407	407
Total	43.889	55.229

Note 8 – Employee benefit liabilities

The composition of the item as of December 31, 2019 and 2018 is as follows:

in Th$

Concept	As at December 31,	
	2019	2018
Performance bonus accrual	101.655	19.887
CFG Variable pay accrual	20.51	19.729
Unavailed leave accrual	42.795	10.269
Total	164.961	49.884

Note 9 – Equity

As of December 31, 2019 the paid capital of the Company is Th$ 604.310.-

Note 10 - Revenues

The composition of the item as of December 31, 2019 and 2018 are as follows:

in Th$

Concept	For the year ended December 31,	
	2019	2018
Intercompany services to Infosys Limited	1.170.861	261.342
Intercompany services to Infosys Mexico	240.167	62.481
Total	1.411.028	323.823

Note 11 – Cost of sales

The cost of sales generated during the period ended December 31, 2019 and 2018 are detailed below:

in Th$

Concept	For the year ended December 31,	
	2019	2018
Salaries	1.058.180	228.73
Others	42.992	13.093
Total	1.101.172	241.823

Note 12 – Administrative expenses

The administrative expenses generated during the period ended December 31, 2019 and 2018 are detailed below:

in Th$

Concept	For the year ended December 31,	
	2019	2018
Legal and accountant professional services	194.728	105.368
Rental office and related expenses	88.032	57.661
Travel and related expenses	33.05	-
Insurances	161	128
Others	8.679	3.353
Total	324.65	166.51

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Panaya GmbH

Independent Auditor's report

To the Members of Infosys Panaya GmbH

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys Panaya GmbH Limited ('the company'), which comprises the Balance Sheet as at 31st December 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 statements 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 December 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 Statements:

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

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

Firm Registration Number. 006673S

(M Rathnakar Kamath)

Partner

Membership Number. 202841.

UDIN : 20202841AAABSW1991

Place: Bengaluru.

Date: March 16, 2020

Balance Sheet

in ₹

Particulars	Note No.	As at December 31, 2019	As at December 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	43,970	1,45,177
Total non - current Assets		43,970	1,45,177
CURRENT ASSETS			
Financial assets			
Trade receivables	2.2	54,21,50,205	53,50,39,215
Cash and cash equivalents	2.3	71,80,770	2,72,35,711
Other financial assets	2.4	10,65,59,890	13,26,61,378
Other current assets	2.5	20,14,084	2,10,717
Total current assets		65,79,04,949	69,51,47,021
Total Assets		65,79,48,919	69,52,92,198
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.6	18,12,750	18,12,750
Other equity		(1,73,54,144)	(2,05,83,571)
Total equity		(1,55,41,394)	(1,87,70,821)
LIABILITIES			
Current liabilities			
Financial liabilities			
Trade payables	2.7	59,20,62,710	56,40,55,168
Other financial liabilities	2.8	2,09,83,934	94,73,750
Other liabilities	2.9	6,04,43,669	14,05,34,101
Total current liabilities		67,34,90,313	71,40,63,019
Total equity and liabilities		65,79,48,919	69,52,92,198

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

As per our report of even date attached

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

for and on behalf of Board of Directors of Panaya GmbH

M. Rathnakar Kamath
Partner
Membership number: 202841

David Binny
Director

Deepak Padaki
Director

Bengaluru
March 16, 2020

Statement of Profit and Loss

in ₹

Particulars	Note No	Year ended December 31,	
		2019	2018
Revenue from operations	2.11	12,39,33,879	23,81,05,429
Other income, net	2.12	–	(46,533)
Total income		12,39,33,879	23,80,58,896
Expenses			
Employee benefit expenses	2.13	4,88,28,179	5,56,20,444
Cost of technical sub-contractors		2,67,51,807	12,84,60,523
Travel expenses		28,63,819	56,21,406
Communication expenses		3,12,272	7,33,139
Consultancy and professional charges		1,07,67,414	61,29,332
Depreciation expense	2.1	99,758	1,37,127
Other expenses	2.13	3,12,18,612	3,66,17,665
Total expenses		12,08,41,861	23,33,19,636
Profit before tax		30,92,018	47,39,260
Tax expense:			
Current tax	2.10	–	–
Profit for the year		30,92,018	47,39,260
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		–	–
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation		1,37,409	(9,24,756)
Total other comprehensive income / (loss), net of tax		1,37,409	(9,24,756)
Total comprehensive income for the year		32,29,427	38,14,504

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

As per our report of even date attached

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

for and on behalf of Board of Directors of Panaya GmbH

M. Rathnakar Kamath
Partner
Membership number: 202841

David Binny
Director

Deepak Padaki
Director

Bengaluru
March 16, 2020

Statement of Changes in Equity

in ₹

Particulars	Equity share capital	Other Equity			Total equity attributable to equity holders of the Company
		Reserves & Surplus		Other Comprehensive Income	
		Securities premium	Retained earnings	Exchange Difference on Translation	
Balance as of January 1, 2018	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)
Changes in equity for the year ended December 31, 2019					
Profit for the year	–	–	30,92,018	–	30,92,018
Exchange differences on translation	–	–	–	1,37,409	1,37,409
Balance as of December 31, 2019	18,12,750	5,21,612	(1,28,82,008)	(49,93,748)	(1,55,41,394)

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
March 16, 2020

for and on behalf of Board of Directors of Panaya GmbH

David Binny
Director

Deepak Padaki
Director

Statement of Cash Flows

in ₹

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Cash flow from operating activities:		
Profit for the year	30,92,018	47,39,260
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation	99,758	1,37,127
Other adjustments	1,449	(13,535)
Exchange differences on translation of assets and liabilities	1,37,409	(9,24,756)
Changes in assets and liabilities		
Trade receivables	(71,10,990)	(1,99,10,977)
Other financial assets and other assets	2,42,98,121	(7,87,51,091)
Trade payables	2,80,07,542	14,48,41,845
Other financial liabilities and other liabilities	(6,85,80,248)	(7,25,78,785)
Net cash used in operating activities	(2,00,54,941)	(2,24,60,912)
Cash flow from investing activities:		
Expenditure on property, plant and equipment	–	–
Net cash from/(used in) investing activities	–	–
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	(2,00,54,941)	(2,24,60,912)
Cash and cash equivalents at the beginning of the year	2,72,35,711	4,96,96,623
Cash and cash equivalents at the end of the year	71,80,770	2,72,35,711

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

David Binny
Director

Deepak Padaki
Director

Bengaluru
March 16, 2020

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 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.

Effective January 1, 2019, 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 January 1, 2019. 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.

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.

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 Ind AS 115 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.

Deferred contact cost

Deferred contract costs are incremental costs of obtaining a contract which are recognised as assets and amortized over the term of the contract.

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.

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	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 amortized cost

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

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

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

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

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

(iv) Financial liabilities

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

1.9 Fair value of financial instruments

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

1.10 Impairment

a. Financial assets

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

b. Non-financial assets

(i) Property, plant and equipment

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

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

1.11 Employee Benefits

Compensated absences

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

1.12 Foreign currency

Functional currency

The functional currency of the Company is the EURO.

Transactions and translations

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

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

The translation of financial statements from functional currency to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in exchange differences on translation under other components of equity.

1.13 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and previous periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

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.

1.14 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

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.

1.16 Leases

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 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. 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 (January 1, 2020). The effect of adoption is not expected to material for the company's financial statements

2.1 Property, Plant and Equipment

Following are the changes in the carrying value of property, plant and equipment for the year ended December 31, 2019:

in ₹

Particulars	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2019	21,12,622	1,01,627	22,14,249
Additions/ Adjustments	–	–	–
Deletions/Adjustments	–	–	–
Translation Differences	2,906	140	3,046
Gross carrying value as of December 31, 2019	21,15,528	1,01,767	22,17,295
Accumulated depreciation as of January 1, 2019	(19,67,685)	(1,01,387)	(20,69,072)
Depreciation	(99,619)	(140)	(99,758)
Accumulated depreciation on deletions	–	–	–
Translation Differences	(4,494)	–	(4,494)
Accumulated depreciation as of December 31, 2019	(20,71,798)	(1,01,527)	(21,73,324)
Carrying value as of December 31, 2019	43,730	240	43,970
Carrying value as of January 1, 2019	1,44,937	240	1,45,177

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

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

2.2 Trade receivables

in ₹

Particulars	As at December 31,	
	2019	2018
Current		
Unsecured		
Considered good [1]	54,21,50,205	53,50,39,215
Total trade receivables	54,21,50,205	53,50,39,215
[1] Includes dues from related parties (Refer note2.15)	54,17,33,089	53,07,55,750

2.3 Cash and Cash Equivalents

in ₹

Particulars	As at December 31,	
	2019	2018
Balances with banks		
In current accounts	71,80,770	2,72,35,711
Total Cash and Cash equivalents	71,80,770	2,72,35,711

2.4 Other financial assets

in ₹

Particulars	As at December 31,	
	2019	2018
Current		
Rental deposits	–	6,74,560
Security deposits	318	–
Others [1]	10,65,59,572	13,19,86,818
Total current other financial assets	10,65,59,890	13,26,61,378
Financial assets carried at amortized cost	10,65,59,890	13,26,61,378
[1] Includes dues from related parties (Refer note no. 2.15)	10,65,59,572	13,19,86,818

2.5 Other assets

in ₹

Particulars	As at December 31,	
	2019	2018
Current		
Prepaid expenses	–	2,10,717
Withholding taxes and others	20,14,084	–
Total current other assets	20,14,084	2,10,717

2.6 Equity

Equity share capital

in ₹

Particulars	As at December 31,	
	2019	2018
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,	
	2019	2018
Trade payables [1]	59,20,62,710	56,40,55,168
Total trade payables	59,20,62,710	56,40,55,168
[1]Includes dues to related parties (Refer note no. 2.15)	59,17,42,105	56,36,77,573

2.8 Other financial liablities

in ₹

Particulars	As at December 31,	
	2019	2018
Current		
Accrued compensation to employees[1]	1,43,80,146	70,16,937
Accrued expenses[1]	22,61,247	–
Compensated absences	43,42,541	24,56,813
Other Payables[1]	–	–
Total current other financial liabilities	2,09,83,934	94,73,750
[1] Financial liability carried at amortized cost	1,66,41,393	70,16,937

2.9 Other liabilities

in ₹

Particulars	As at December 31,	
	2019	2018
Current		
Withholding and other taxes payable	19,48,321	20,08,735
Unearned revenue	5,84,95,348	13,85,25,366
Total current other liabilities	6,04,43,669	14,05,34,101

2.10 Income taxes

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

in ₹

Particulars	As at December 31,	
	2019	2018
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 below:

in ₹

Particulars	As at December 31,	
	2019	2018
Profit before income taxes	30,92,018	47,39,260
Enacted tax rates in Germany	32.50%	32.50%
Computed expected tax expense	10,04,906	15,40,260
Effect of unrecognized deferred tax assets	(10,04,906)	(15,40,260)
Income tax expense	–	–

The applicable statutory tax rate in Germany for year ending December 31, 2019 and December 31, 2018 is 32.50%.

2.11 Revenue from operations

in ₹

Particulars	Year ended December 31,	
	2019	2018
Revenue from products and platforms	12,39,33,879	23,81,05,429
Total revenue from operations	12,39,33,879	23,81,05,429

Trade receivables and Contract Balances

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

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.

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

During the year ended December 31, 2019 , the Company recognized revenue of ₹ 9,87,03,880 arising from opening unearned revenue as of January 1, 2019.

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 Group expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Group 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 at December 31, 2019, other than those meeting the exclusion criteria mentioned above, is ₹ 5,79,71,839. Out of this, the Group expects to recognize revenue of around 83% within the next one year and the remaining thereafter. The contracts can generally be terminated by the customers and typically includes an enforceable termination penalty payable by them.

The impact on account of applying the erstwhile Ind AS 18 Revenue standard instead of Ind AS 115 Revenue from contract with customers on the financials results of the Group for the year ended December 31, 2019 is insignificant

2.12 Other income

in ₹

Particulars	Year ended December 31, 2019	2018
Exchange gain/(loss) of assets and liabilities	-	(46,533)
Total other income	–	(46,533)

2.13 Expenses

in ₹

Particulars	Year ended December 31, 2019	2018
Employee benefit expenses		
Salaries including bonus	4,86,21,567	5,53,59,515
Staff welfare	2,06,612	2,60,929
Total employee benefit expenses	4,88,28,179	5,56,20,444

in ₹

Particulars	Year ended December 31, 2019	2018
Other expenses		
Repairs and Maintenance	43,794	15,057
Brand and Marketing	3,56,159	24,84,321
Operating lease payments	12,93,098	23,48,365
Rates and taxes	(14)	9,644
Insurance	2,33,142	2,10,704
Commission charges	2,89,52,415	3,11,89,791
Others	3,40,019	3,59,783
Total other expenses	3,12,18,612	3,66,17,665

2.14 Financial instruments

Financial instruments by category

The carrying value of financial instruments as of December 31, 2019 and December 31, 2018 were as follows:

in ₹

Particulars	Carrying value as on December 31, 2019	2018
Assets:		
Cash and cash equivalents (Refer Note No. 2.3)	71,80,770	2,72,35,711
Trade receivables (Refer Note No. 2.2)	54,21,50,205	53,50,39,215
Other financial assets (Refer Note No. 2.4)	10,65,59,890	13,26,61,378
Total	65,58,90,865	69,49,36,304
Liabilities:		
Trade payables (Refer Note No. 2.7)	59,20,62,710	56,40,55,168
Other financial liabilities (Refer Note No. 2.8)	1,66,41,393	70,16,937
Total	60,87,04,102	57,10,72,105

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 ₹542,150,205 and ₹535,039,215 as of December 31, 2019 and December 31, 2018, 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, 2019 and December 31, 2018, the Company had cash and cash equivalents of ₹7,180,770 and ₹27,235,711 respectively.

The Company has no outstanding borrowings and no liquidity risk is perceived.

2.15 Related party transactions

List of related parties:

Name of Holding Company	Country	Holding as at December 31, 2019	December 31, 2018
Panaya Inc	US	100%	100%

Name of Ultimate Holding Company	Country
Infosys Limited	India

Name of fellow subsidiaries	Country
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)[25]	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	Chile
Infosys Arabia Limited[2]	Saudi Arabia
Infosys Consulting Ltda.[2]	Brazil
Infosys CIS LLC[1][18]	Russia
Infosys Luxembourg S.a.r.l [1][13]	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)[3]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc[19]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o.[4]	Czech Republic
Infosys Poland Sp z.o.o[4]	Poland
Infosys McCamish Systems LLC [4]	US
Portland Group Pty Ltd[4]	Australia
Infosys BPO Americas LLC.[4]	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc.[5][11]	US
Infosys Management Consulting Pty Limited[5]	Australia
Infosys Consulting AG[5]	Switzerland
Infosys Consulting GmbH[5]	Germany
Infosys Consulting S.R.L.[1]	Romania
Infosys Consulting SAS[5]	France
Infosys Consulting s.r.o.[5]	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd.(formerly Lodestone Management Consultants Co., Ltd)[5]	China
Infy Consulting Company Ltd[5]	UK
Infy Consulting B.V.[5]	The Netherlands
Infosys Consulting Sp. z.o.o[5]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [5]	Portugal
Infosys Consulting S.R.L.[5]	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)[6]	Belgium
Panaya Ltd.[7]	Israel
Panaya Japan Co. Ltd[26][7]	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited[8]	UK
Brilliant Basics (MENA) DMCC[8][26]	UAE
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[9]	UAE
Fluido Oy[9][14]	Finland
Fluido Sweden AB (Extero)[15]	Sweden

Name of fellow subsidiaries	Country
Fluido Norway A/S(15)	Norway
Fluido Denmark A/S(15)	Denmark
Fluido Slovakia s.r.o(15)	Slovakia
Fluido Newco AB(15)	Sweden
Infosys Compaz Pte. Ltd (formerly Trusted Source Pte. Ltd) (16)	Singapore
Infosys South Africa (Pty) Ltd(9)(17)	South Africa
WongDoody Holding Company Inc. (WongDoody) (10)	US
WDW Communications, Inc(12)	US
WongDoody, Inc(12)	US
HIPUS(20)	Japan
Stater N.V.(21)	The Netherlands
Stater Nederland B.V.(22)	The Netherlands
Stater Duitsland B.V.(22)	The Netherlands

(1) Wholly-owned subsidiary of Infosys Limited
(2) Majority-owned and controlled subsidiary of Infosys Limited
(3) Liquidated effective November 17, 2019
(4) Wholly-owned subsidiary of Infosys BPM Limited
(5) Wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Wholly-owned subsidiary of Panaya Inc.
(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(9) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(10) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
(11) Liquidated effective May 4, 2018
(12) Wholly-owned subsidiary of WongDoody
(13) Incorporated effective August 6, 2018
(14) On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
(15) Wholly-owned subsidiary of Fluido Oy
(16) On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
(17) Incorporated effective December 19,2018
(18) Incorporated effective November 29, 2018
(19) Incorporated effective November 27, 2018, wholly owned subsidiary Infosys Public Services Inc
(20) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd, Japan
(21) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V.
(22) Majority-owned and controlled subsidiaries of Stater N.V.
(23) Majority-owned and controlled subsidiaries of Stater Duitsland B.V.
(24) Majority-owned and controlled subsidiaries of Stater Participations B.V.
(25) Effective October 1, 2019, merged into Infosys Consulting Ltda, a majority owned and controlled subsidiary of Infosys Limited
(26) Under Liquidation

The details of amounts due to or due from related parties as at December 31, 2019 and December 31, 2018 are as follows:

in ₹

Particulars	As at December 31,	
	2019	2018
Trade receivables		
Panaya Ltd	54,17,33,089	53,07,55,750
	54,17,33,089	53,07,55,750
Other financial assets		
Panaya Ltd	10,65,59,572	13,19,86,818
	10,65,59,572	13,19,86,818
Trade payables		
Panaya Ltd.	59,17,42,105	56,36,77,573
	59,17,42,105	56,36,77,573

The details of the related parties transactions entered into by the Company, for the year ended December 31, 2019 and December 31, 2018 are as follows:

in ₹

Particulars	As at December 31,	
	2019	2018
Revenue transactions:		
Purchase of services		
Panaya Ltd.	2,67,51,807	12,84,60,523
	2,67,51,807	12,84,60,523
Sale of services		
Panaya Ltd	1,01,23,363	11,05,88,294
	1,01,23,363	11,05,88,294

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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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 31st December 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 statements 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 December 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 Statements:

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

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

UDIN: 20110128AAAABK9903

Place: Bengaluru.
Date: March 16, 2020

Balance Sheet

In EUR

Particulars	Note no.	As at December 31	
		2019	2018
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	–	–
Income tax assets (net)	2.11	7,000	5,250
Total non-current assets		7,000	5,250
Current assets			
Financial assets			
Trade receivables	2.4	52,454	–
Cash and cash equivalents	2.2	1,092,236	440,121
Other current assets	2.3	104,850	–
Total current assets		1,249,540	440,121
Total assets		1,256,540	445,371
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.6	80,000	80,000
Other equity		385,894	(91,435)
Total equity		465,894	(11,435)
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	2.7	442,174	–
Total non-current liabilities		442,174	–
Current liabilities			
Financial liabilities			
Borrowings	2.7	–	439,063
Trade payables	2.9	780	–
Other financial liabilities	2.8	9,565	11,738
Other current liabilities	2.10	271,461	–
Income tax liabilities (net)	2.11	66,666	6,005
Total current liabilities		348,472	456,806
Total equity and liabilities		1,256,540	445,371

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

Roberto Busin
Director

Bengaluru
March 16, 2020

Statement of Profit and Loss

In EUR

Particulars	Note no.	Year ended December 31	
		2019	2018
Revenue from operations	2.12	652,704	–
Other income, net	2.13	(7,118)	1,419
Total income		645,586	1,419
Expenses			
Employee benefit expenses	2.14	83,357	–
Finance Costs	2.15	14,996	1,970
Consultancy and professional charges		5,790	15,735
Other expenses	2.14	3,453	832
Total expenses		107,596	18,537
Profit/(loss) before tax		537,990	(17,118)
Tax expense			
Current tax	2.11	60,661	(8,319)
Profit/(loss) for the year		477,329	(8,799)
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		477,329	(8,799)

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 Austria GmbH

Lilly Vasanthini
Director

Roberto Busin
Director

Bengaluru
March 16, 2020

Statement of Changes in Equity

In EUR

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, 2018	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)
Changes in equity for the year ended December 31, 2019				–
Profit/(loss) for the year	–	477,329	–	477,329
Balance as of December 31, 2019	80,000	385,894	–	465,894

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 Austria GmbH

Lilly Vasanthini
Director

Roberto Busin
Director

Bengaluru
March 16, 2020

Statements of Cash Flows

In EUR

Particulars	Year ended December 31,	
	2019	2018
Cash flow from operating activities:		
Profit/(loss) for the year	477,329	(8,799)
Adjustments to reconcile net profit to net cash provided by operating activities:		
Income tax expense	60,661	(8,319)
Finance cost	14,996	1,970
Changes in assets & liabilities		
Other assets	(157,304)	5,661
Other liabilities	270,068	4,238
Cash generated from operations	665,750	(5,249)
Income tax paid	1,750	1,750
Net cash from / (used in) operating activities	664,000	(6,999)
Cash flow from financing activities:		
Loan from fellow subsidiary, net of repayments	3,111	439,063
Finance cost	(14,996)	(1,970)
Net cash from / (used in) in financing activities	(11,886)	437,093
Net increase/(decrease) in cash and cash equivalents	652,114	430,094
Cash and cash equivalents at the beginning of the year	440,121	10,027
Cash and cash equivalents at the end of the year	1,092,236	440,121

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 Austria GmbH

Lilly Vasanthini
Director

Roberto Busin
Director

Bengaluru
March 16, 2020

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 Euro.

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 balance of assets and liabilities, and disclosures relating to contingent liabilities as at the date of the financial statements and reported amount of income and expenses during the period.

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 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.

1.5 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 the 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 these classes of assets, based on internal assessment and independent technical evaluation carried out by external evaluators, 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 are 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 is not put to use before such dates 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. Repair 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 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 a 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 a fair value through profit or loss, are added to the fair value on initial recognition. Regular way of 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 an 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 a 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 an amortized cost using the effective interest method, except for contingent consideration recognized in a business combination, which is subsequently measured at a 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 a fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing the 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 the Statement of Profit or Loss.

b. Non-financial assets

(i)Property, plant and equipment

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

Transactions and translations

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

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

1.10 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, where 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 is charged to the Statement of Profit and Loss in the period in which they are incurred.

1.14 Leases

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

1.15 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 AS115, 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 adopted 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 is not retrospectively adjusted. The effect on adoption of IndAS 115 is insignificant.

Ind AS 116-Leases: On March 30, 2019, the Ministry of Corporate Affairs (MCA) 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 less or 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. 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 (January 1, 2020). The effect of adoption is not expected to material for the company's financial statements.

The impact on account of applying the erstwhile Ind AS 18 Revenue standard instead of Ind AS 115 Revenue from contract with customers on the financial result of the Group for the year ended December 31, 2019 is insignificant.

2.1 Property, Plant and Equipment

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

InEUR

Particulars	Computer equipment	Total
Gross carrying value as of January 1, 2019	892	892
Additions	–	–
Deletions	–	–
Gross carrying value as of December 31, 2019	892	892
Accumulated depreciation as of January1, 2019	892	892
Depreciation	–	–
Accumulated depreciation on deletions	–	–
Accumulated depreciation as of December 31, 2019	892	892
Carrying value as of December 31, 2019	–	–
Carrying value as of January 1, 2019	–	–

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

In EUR

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 valueas of January 1, 2018	–	–

2.2 Cash and cash equivalents

In EUR

Particulars	As at December 31	
	2019	2018
Balances with banks		
In current accounts	1,092,236	440,121
Total Cash and cash equivalents	1,092,236	440,121

2.3 Other assets

In EUR

Particulars	As at December 31	
	2019	2018
Current		
Others		
Employee loans	838	–
Withholding taxes and others	104,012	–
Total other assets	104,850	–

2.4 Trade receivables

In EUR

Particulars	As at December 31	
	2019	2018
Current		
Unsecured		
Considered good	52,454	–
	52,454	–
Total Trade Receivables	52,454	–

2.5 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 December 31	
	2019	2018
Assets:		
Cash and cash equivalents (Refer note. 2.2)	1,092,236	440,121
Trade receivables (Refer note. 2.4)	52,454	–
Total	1,144,690	440,121
Liabilities:		
Trade payables	780	–
Borrowings (Refer note. 2.7)	–	439,063
Other financial liabilities (Refer note. 2.8)	9,565	11,738
Total	10,345	450,801

All the above financial instruments are carried at an 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 EUR 52,454 as at December 31, 2019. 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 the 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 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 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, 2019 and December 31, 2018, the Company had cash and cash equivalents of EUR 1,092,236 and EUR 440,121 respectively.

2.6 Equity

Equity share capital

In EUR

Particulars	As at December 31,	
	2019	2018
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 as at December 31, 2019 and December 31, 2018 are set out below:

Name of the shareholder	As at December 31	
	2019	2018
Infosys Limited	100%	100%

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

2.7 Borrowings

In EUR

Particulars	As at December 31	
	2019	2018
Non-current		
Unsecured Loan from Fellow subsidiary* (Refer note. 2.15)	442,174	439,063
	442,174	439,063
Total Borrowings	442,174	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 is repayable at the discretion of the lender.

2.8 Other financial liabilities

In EUR

Particulars	As at December 31	
	2019	2018
Current		
Others		
Accrued expenses	–	8,240
Other payables[(1)]	9,565	3,498
	9,565	11,738
Total financial liabilities	9,565	11,738
Financial liability carried at amortized cost	9,565	11,738
[(1)] Includes dues to related parties (Refer note. 2.12)	939	3,498

2.9 Trade payables

Particulars	As at December 31	
	2019	2018
Trade payables	780	–
	780	–

2.10 Other liabilities

Particulars	As at December 31	
	2019	2018
Current		
Unearned revenue	113,644	–
Others		
Withholding taxes and others	157,817	–
	271,461	–

2.11 Income taxes

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

In EUR

Particulars	Year ended December 31	
	2019	2018
Current taxes	60,661	(8,319)
Income tax expense	60,661	(8,319)

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 EUR

Particulars	Year ended December 31,	
	2019	2018
Profit before income taxes	537,990	(17,118)
Enacted tax rates in Austria	25.00%	25.00%
Computed expected tax expense	134,498	(4,280)
Tax Provision/Reversals	60,661	(8,319)
Effect of unrecognized deferred tax assets	(134,498)	4,280
Income tax expense	60,661	(8,319)

The applicable Austria statutory tax rate for years ended December 31, 2019 and December 31, 2018 is 25%.

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

In EUR

Particulars	As at December 31	
	2019	2018
Income tax assets	7,000	5,250
Current income tax liabilities	66,666	6,005
Net current income tax assets/(liability) at the end	(59,666)	(755)

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

In EUR

Particulars	Year ended December 31,	
	2019	2018
Net current income tax asset/(liability) at the beginning	(755)	(10,824)
Income tax paid	1,750	1,750
Current income tax expense	(60,661)	8,319
Net current income tax asset/(liability) at the end	(59,666)	(755)

2.12 Revenue from operations

In EUR

Particulars	Year ended December 31,	
	2019	2018
Income from software services	652,704	–
Total revenue from operation	652,704	–

2.13 Other income

In EUR

Particulars	Year ended December 31,	
	2019	2018
Exchange gains/(losses) on translation of other assets and liabilities	(7,118)	1,419
Total other income	(7,118)	1,419

2.14 Expenses

In EUR

Particulars	Year ended December 31,	
	2019	2018
Employee benefit expenses		
Salaries, including bonus	83,357	–
	83,357	–

In EUR

Particulars	Year ended December 31,	
	2019	2018
Other expenses		
Repairs and Maintenance	–	2
Rent	2,345	–
Others	1,108	830
	3,453	832

2.15 Finance costs

In EUR

Particulars	Year ended December 31,	
	2019	2018
Interest expense on loan from fellow subsidiary	14,996	1,970
Total finance costs	14,996	1,970

2.16 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period are as follows:

In EUR

Particulars	Year ended December 31,	
	2019	2018
Lease rentals recognized during the year	2,345	–

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

In EUR

Future minimum lease payable	As at December 31	
	2019	2018
Not later than 1 year	2,151	–
Later than 1 year and not later than 5 years	–	–
Later than 5 years	–	–

The operating lease arrangement is renewable on a periodic basis.

2.17 Related party transactions

List of related parties:

Name of Holding Companies	Country	Holding as at December 31,	
		2019	2018
Infosys Limited	India	100%	100%

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 Technologies O Brazil LTDA. (Infosys Brazil)	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 Ltd a.[(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) Pvt. 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 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
Infosys Consulting Company Ltd [(6)]	UK
Infosys 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

Name of fellow subsidiaries	Country
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 Limited
(6) Wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Majority-owned and controlled subsidiary 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

The details of amounts due to or due from related parties as at December 31, 2019 and December 31, 2018 are as follows:

In EUR

Particulars	As at December 31,	
	2019	2018
Borrowings [1]		
Infosys Public Services, Inc. USA (Infosys Public Services)	–	439,063
Infosys Consulting Pte. Ltd.	442,174	–
	442,174	439,063
Other payables		
Infosys Consulting Holding AG	–	3,498
Infosys Limited	939	–
	939	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 2.6% per annum.

In EUR

Particulars	As at December 31,	
	2019	2018
Capital transactions		
Financing transactions		
Borrowings net of repayment [1]		
Infosys Public Services, Inc. USA (Infosys Public Services)	–	439,063
Infosys Consulting Pte. Ltd.	442,174	–
	442,174	439,063
Revenue transactions		
Interest expense		
Infosys Consulting Pte. Ltd.	14,996	–
Infosys Public Services, Inc. USA (Infosys Public Services)	–	1,970
	14,996	1,970

[1] Includes interest.

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.

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 31st December 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 December 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, read with relevant rule issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Registration Number. 006673S

(M Rathnakar Kamath)
PARTNER
Membership Number. 202841.

UDIN : 20202841AAABSS7862

Place: Bengaluru.
Date: March 16, 2020

Balance Sheet

(in ₹)

Particulars	Note no.	As at December 31, 2019	As at December 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	9,606	47,755
Total non-current assets		9,606	47,755
Current assets			
Financial assets			
Trade receivables	2.3	29,38,918	22,00,613
Cash and cash equivalents	2.4	1,73,38,429	1,56,84,402
Other financial assets	2.2	57,969	63,499
Other current assets	2.5	67,454	1,30,369
Total current assets		2,04,02,770	1,80,78,883
Total assets		2,04,12,376	1,81,26,638
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.7	7,89,777	7,89,777
Other equity		1,34,21,383	1,08,37,005
Total equity		1,42,11,160	1,16,26,782
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables	2.9	4,74,442	7,505
Other financial liabilities	2.8	51,47,259	47,93,042
Other current liabilities	2.10	5,51,614	5,58,944
Income tax liabilities, net	2.11	27,901	11,40,365
Total current liabilities		62,01,216	64,99,856
Total equity and liabilities		2,04,12,376	1,81,26,638

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

Andrew Duncan
Director

Bengaluru
March 16, 2020

Statement of Profit and Loss

in ₹, except equity share and per equity share data

Particulars	Note no.	Year ended December 31, 2019	2018
Revenue from operations	2.12	2,75,61,699	3,02,51,939
Other income, net	2.13	56,224	0
Total income		2,76,17,923	3,02,51,939
Expenses			
Employee benefit expenses	2.14	1,81,27,970	2,08,79,888
Travel expenses		44,83,307	34,21,494
Communication expenses		2,59,105	4,30,713
Consultancy and professional charges		24,07,832	25,20,191
Depreciation expenses	2.1	37,841	84,476
Other expenses	2.14	2,12,955	9,47,439
Total expenses		2,55,29,010	2,82,84,201
Profit before tax		20,88,913	19,67,738
Tax expense			
Current tax	2.11	(3,33,827)	(9,11,048)
Profit for the year		24,22,740	28,78,786
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation		1,61,638	(3,86,20,346)
Total other comprehensive income, net of tax		1,61,638	(3,86,20,346)
Total comprehensive income for the year		25,84,378	(3,57,41,560)
Earnings per equity share			
Equity shares of par value CZK 1 each			
Basic & Diluted		12.11	14.39
Weighted average equity shares used in computing earnings per equity share			
Basic & Diluted		2,00,000	2,00,000

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

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number:006673S

for and on behalf of the Board of Directors of Infosys Consulting s.r.o.

M. Rathnakar Kamath
Partner
Membership number : 202841

Andrew Duncan
Director

Bengaluru
March 16, 2020

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, 2018	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
Changes in equity for the year ended December 31, 2019					
Exchange difference on translation				161,638	161,638
Profit for the year		2,422,740			2,422,740
Balance as of December 31, 2019	789,777	48,776,757	58,464	(35,413,838)	14,211,160

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

Andrew Duncan
Director

Bengaluru
March 16, 2020

Statements of Cash Flows

(in ₹)

Particulars	Year ended December 31,	
	2019	2018
Cash flows from operating activities		
Profit for the year	24,22,740	28,78,786
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	37,841	84,476
Income tax expense	(3,33,827)	(9,11,048)
Exchange differences on translation of assets and liabilities	1,61,946	(3,86,25,445)
Changes in assets and liabilities		
Trade receivables	(7,38,305)	3,44,401
Loans and other financial assets and other assets	68,445	2,94,177
Trade payables	4,66,937	(1,32,685)
Other financial liabilities, other liabilities and provisions	3,46,887	(7,74,454)
Cash generated from operations	24,32,664	(3,68,41,792)
Income taxes paid	(7,78,637)	36,12,702
Net cash from / (used in) operating activities	16,54,027	(3,32,29,090)
Cash flow from investing activities		
Net cash from investing activities	–	–
Net increase/(decrease) in cash and cash equivalents	16,54,027	(3,32,29,090)
Cash and cash equivalents at the beginning of the year	1,56,84,402	4,89,13,492
Cash and cash equivalents at the end of the year	1,73,38,429	1,56,84,402

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

Andrew Duncan
Director

Bengaluru
March 16, 2020

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.

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

The Company derives revenues primarily from consultancy services.

Effective January 1, 2019, 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 January 1, 2019. 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.

1.5.1 T&M

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.

1.5.4 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.

1.5.5 Tax

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 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 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.

1.15 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 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 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. 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 (January 1, 2020). The effect of adoption is not expected to material for the company's financial statements

2.1 Property, Plant and Equipment

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

(in ₹)

Particulars	Computer equipment	Total
Gross carrying value as of January 1, 2019	8,02,585	8,02,585
Translation difference	7,768	7,768
Gross carrying value as of December 31, 2019	8,10,353	8,10,353
Accumulated depreciation as of January 1, 2019	(7,54,830)	(7,54,830)
Depreciation	(37,841)	(37,841)
Translation difference	(8,076)	(8,076)
Accumulated depreciation as of December 31, 2019	(8,00,747)	(8,00,747)
Carrying value as of January 1, 2019	9,606	9,606

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	7,74,106	7,74,106
Additions/ Adjustments[1]	–	–
Translation difference	28,479	28,479
Gross carrying value as of December 31, 2018	8,02,585	8,02,585
Accumulated depreciation as of January 1, 2018	(6,46,974)	(6,46,974)
Depreciation	(84,476)	(84,476)
Translation difference	(23,380)	(23,380)
Accumulated depreciation as of December 31, 2018	(7,54,830)	(7,54,830)
Carrying value as of December 31, 2018	47,755	47,755
Carrying value as of January 1, 2018	1,27,132	1,27,132

[1] Includes asset purchased from related parties (Refer to Note 2.15)

2.2 Other financial assets

(in ₹)

Particulars	As at December 31	
	2019	2018
Current		
Rental deposits [1]	48,194	47,732
Others [1]	9,775	15,767
	57,969	63,499
[1] Financial assets carried at amortized cost	57,969	63,499

2.3 Trade receivables

(in ₹)

Particulars	As at December 31	
	2019	2018
Current		
Unsecured		
Considered good [1]	29,38,918	22,00,613
	29,38,918	22,00,613
[1] Includes dues from related parties (refer to Note 2.16)	29,38,918	22,00,613

2.4 Cash and cash equivalents

(in ₹)

Particulars	As at December 31	
	2019	2018
Balances with banks		
In current accounts	1,73,38,429	1,56,84,402
Total Cash and Cash Equivalents	1,73,38,429	1,56,84,402

2.5 Other assets

(in ₹)

Particulars	As at December 31	
	2019	2018
Current		
Others		
Prepaid expenses	56,737	30,322
Withholding taxes and others	10,717	1,00,047
Total other assets	67,454	1,30,369

2.6 Financial instrument

Financial instruments by category

The carrying value of financial instruments are as follows :

(in ₹)

Particulars	As at December 31	
	2019	2018
Assets		
Cash and cash equivalents (Refer to Note 2.4)	1,73,38,429	1,56,84,402
Trade receivables (Refer to Note 2.3)	29,38,918	22,00,613
Other financial assets (Refer to Note 2.2) (1)	57,969	63,499
Total	2,03,35,316	1,79,48,514
Liabilities		
Trade payables (Refer to Note 2.9)	4,74,442	7,505
Other financial liabilities (Refer to Note 2.8)	35,66,615	31,11,819
Total	40,41,057	31,19,324

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 ₹24,64,476 and ₹22,00,613 as of December 31, 2019 and December 31, 2018, 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, 2019, the Company had a working capital of ₹1,42,01,554 including cash and cash equivalents of ₹1,73,38,429. As of December 31, 2018, the Company had a working capital of ₹1,15,79,027 including cash and cash equivalents of ₹1,56,84,402

2.7 Equity

Equity share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2019	2018
Authorized		
2,00,000 (2,00,000) Equity Shares of CZK 1 par value	7,89,777	7,89,777
Issued, subscribed and paid-up		
2,00,000 (2,00,000) Equity Shares of CZK 1 par value	7,89,777	7,89,777
[Of the above, 2,00,000 (2,00,000) equity shares are held by the holding company, Infosys Consulting Holding AG (formerly Lodestone holding AG)]		
	7,89,777	7,89,777

2.8 Other financial liabilities

(in ₹)

Particulars	As at December 31,	
	2019	2018
Current		
Others		
Accrued compensation to employees	21,94,269	17,59,819
Accrued expenses	10,19,166	9,64,085
Compensated absences	15,80,644	16,81,223
Other payables (1)	3,53,180	3,87,915
	51,47,259	47,93,042
Total financial liabilities	51,47,259	47,93,042
Financial liability carried at amortized cost	35,66,615	31,11,819
(1) Includes dues to related parties (Refer to Note 2.15)	26,977	5,33,935

2.9 Trade payables

(in ₹)

Particulars	As at December 31,	
	2019	2018
Trade payables *	4,74,442	7,505
	4,74,442	7,505
* Includes dues to fellow subsidiaries (Refer to Note 2.15)	4,74,442	–

2.10 Other liabilities

(in ₹)

Particulars	As at December 31,	
	2019	2018
Current		
Others		
Withholding taxes and others	5,51,614	5,58,944
	5,51,614	5,58,944

2.11 Income taxes

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

(in ₹)

Particulars	For the year ended December 31,	
	2019	2018
Current taxes	(3,33,827)	(9,11,048)
Income tax expense	(3,33,827)	(9,11,048

Current tax expense for the year ended December 31, 2019 and December 31, 2018 includes reversals (net of provisions) amounting to ₹ (7,29,971) and ₹ (13,24,757), respectively pertaining to previous periods.

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

(in ₹)

Particulars	For the year ended December 31,	
	2019	2018
Profit before income tax	20,88,913	19,67,738
Enacted tax rates in Czech Republic(%)	19.00%	19.00%
Computed expected tax expense	3,96,893	3,73,870
Tax provisions / (reversals)	(7,29,971)	(13,24,757)
Others	(749)	39,839
Income tax expense	(3,33,827)	(9,11,048)

The applicable Czech Republic statutory tax rate for year ending December 31, 2019 and December 31, 2018 is 19%.

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

(in ₹)

Particulars	For the year ended December 31,	
	2019	2018
Income tax assets	–	–
Current income tax liabilities	27,901	11,40,365
Net current income tax assets / (liability) at the end	(27,901)	(11,40,365)

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

(in ₹)

Particulars	For the year ended December 31,	
	2019	2018
Net current income tax asset / (liability) at the beginning	(11,40,365)	15,61,289
Income tax paid/ (received)	7,78,637	(36,12,702)
Current income tax expense	3,33,827	9,11,048
Net current income tax asset / (liability) at the end	(27,901)	(11,40,365)

2.12 Revenue from operations

(in ₹)

Particulars	Year ended December 31,	
	2019	2018
Income from Consultancy services	2,75,61,699	3,02,51,939
	2,75,61,699	3,02,51,939

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 at December 31, 2019, other than those meeting the exclusion criteria mentioned above, is ₹ NIL. The contracts can generally be terminated by the customers and typically includes an enforceable termination penalty payable by them.

The impact on account of applying the erstwhile Ind AS 18 Revenue standard instead of Ind AS 115 Revenue from contract with customers on the financials results of the Group for the year ended December 31, 2019 is insignificant.

2.13 Other income

(in ₹)

Particulars	Year ended December 31,	
	2019	2018
Exchange gains / (losses) on translation of other assets and liabilities	18,381	–
Miscellaneous income, net	37,843	–
	56,224	–

2.14 Expenses

(in ₹)

Particulars	Year ended December 31,	
	2019	2018
Employee benefit expenses		
Salaries including bonus	1,81,27,970	2,08,79,888
	1,81,27,970	2,08,79,888

(in ₹)

Particulars	Year ended December 31,	
	2019	2018
Other expenses		
Brand and marketing	–	480
Operating lease payments	1,29,286	1,28,636
Rates and taxes	24,290	18,051
Exchange gains/(losses) on translation of other assets and liabilities	–	66,662
Others	59,379	7,33,610
	2,12,955	9,47,439

2.15 Related party transactions

List of holding companies

Name of the holding company	Country	Holding as at	
		December 31, 2019	December 31, 2018
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 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)(25)	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	Chile
Infosys Arabia Limited(2)	Saudi Arabia
Infosys Consulting Ltda.(2)	Brazil
Infosys CIS LLC(1)(18)	Russia
Infosys Luxembourg S.a.r.l (1)(13)	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)(3)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc(19)	Canada

Name of fellow subsidiaries	Country
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o.[4]	Czech Republic
Infosys Poland Sp z.o.o[4]	Poland
Infosys McCamish Systems LLC [4]	US
Portland Group Pty Ltd[4]	Australia
Infosys BPO Americas LLC.[4]	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc.[5][11]	US
Infosys Management Consulting Pty Limited[5]	Australia
Infosys Consulting AG[5]	Switzerland
Infosys Consulting GmbH[5]	Germany
Infosys Consulting S.R.L.[1]	Romania
Infosys Consulting SAS[5]	France
Infosys Consulting (Shanghai) Co., Ltd.(formerly Lodestone Management Consultants Co., Ltd)[5]	China
Infy Consulting Company Ltd[5]	UK
Infy Consulting B.V.[5]	The Netherlands
Infosys Consulting Sp. z.o.o[5]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [5]	Portugal
Infosys Consulting S.R.L.[5]	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)[6]	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd.[7]	Israel
Panaya GmbH[7]	Germany
Panaya Japan Co. Ltd[26][7]	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited[8]	UK
Brilliant Basics (MENA) DMCC[8][26]	UAE
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[9]	UAE
Fluido Oy[9][14]	Finland
Fluido Sweden AB (Extero)[15]	Sweden
Fluido Norway A/S[15]	Norway
Fluido Denmark A/S[15]	Denmark
Fluido Slovakia s.r.o[15]	Slovakia
Fluido Newco AB[15]	Sweden
Infosys Compaz Pte. Ltd (formerly Trusted Source Pte. Ltd) [16]	Singapore
Infosys South Africa (Pty) Ltd[9][17]	South Africa
WongDoody Holding Company Inc. (WongDoody) [10]	US
WDW Communications, Inc[12]	US
WongDoody, Inc[12]	US
HIPUS[20]	Japan
Stater N.V.[21]	The Netherlands
Stater Nederland B.V.[22]	The Netherlands
Stater Duitsland B.V.[22]	The Netherlands
Stater XXL B.V.[22]	The Netherlands
HypoCasso B.V.[22]	The Netherlands
Stater Participations B.V.[22]	The Netherlands
Stater Deutschland Verwaltungs-GmbH[23]	Germany
Stater Deutschland GmbH & Co. KG[23]	Germany
Stater Belgium N.V./S.A.[24]	Belgium

(1) Wholly-owned subsidiary of Infosys Limited

(2) Majority-owned and controlled subsidiary of Infosys Limited

(3) Liquidated effective November 17, 2019

(4) Wholly-owned subsidiary of Infosys BPM Limited

(5) Wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(7) Wholly-owned subsidiary of Panaya Inc.

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

(9) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(10) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
(11) Liquidated effective May 4, 2018
(12) Wholly-owned subsidiary of WongDoody
(13) Incorporated effective August 6, 2018
(14) On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
(15) Wholly-owned subsidiary of Fluido Oy
(16) On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
(17) Incorporated effective December 19,2018
(18) Incorporated effective November 29, 2018
(19) Incorporated effective November 27, 2018, wholly owned subsidiary Infosys Public Services Inc
(20) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd, Japan
(21) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V.
(22) Majority-owned and controlled subsidiaries of Stater N.V.
(23) Majority-owned and controlled subsidiaries of Stater Duitsland B.V.
(24) Majority-owned and controlled subsidiaries of Stater Participations B.V.
(25) Effective October 1, 2019, merged into Infosys Consulting Ltda, a majority owned and controlled subsidiary of Infosys Limited
(26) Under Liquidation

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

The details of amounts due to or due from related parties as at December 31, 2019 and December 31, 2018 are as follows :

(In₹)

Particulars	As at December 31	
	2019	2018
Trade receivables		
Infosys Consulting AG	20,81,714	15,65,428
Infy Consulting Company Ltd.	–	1,201
Infosys Consulting GmbH	8,57,204	6,33,984
	29,38,918	22,00,613
Trade payables		
Infosys Consulting GmbH	1,615	–
Infosys Consulting AG	3,25,036	–
Infy Consulting Company Ltd.	1,47,791	–
	4,74,442	–
Other payables		
Infosys Limited	26,977	5,33,935
	26,977	5,33,935
Accrued expenses		
Infosys Limited	4,70,531	–
	4,70,531	–

(In₹)

Particulars	As at December 31	
	2019	2018
Revenue transactions		
Purchase of services		
Infosys Consulting AG	3,18,424	5,39,483
Infy Consulting Company Ltd	1,43,035	–
	4,61,459	5,39,483
Sale of services		
Infosys Limited	36,466	–
Infosys Consulting AG	1,77,65,933	1,47,48,375
Infosys Consulting GmbH	99,29,624	1,55,03,564
	2,77,32,023	3,02,51,939

2.17 Segment reporting

The Company is engaged in providing consultancy service in a single geography. Based on the 'management approach', as defined in Ind AS 108, Segment Reporting, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of the performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108, Segment Reporting.

Lodestone Management Consultants 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 31st December 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 December 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, read with relevant rule issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Registration Number. 006673S

(M Rathnakar Kamath)
Partner
Membership Number. 202841.

UDIN : 20202841AAABSU4451

Place: Bengaluru.
Date: March 16, 2020

Balance Sheet

in ₹

Particulars	Note no.	As at December 31, 2019	As at December 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	–	–
Other non-current assets	2.4	4,592	2,66,156
Income tax assets, net	2.11	17,89,769	22,77,628
Total non-current assets		17,94,361	25,43,784
Current assets			
Financial assets			
Trade receivables	2.2	–	66,690
Cash and cash equivalents	2.3	6,96,57,864	8,68,36,172
Other financial assets	2.5	59,05,695	–
Other current assets	2.4	14,07,779	13,37,859
Total current assets		7,69,71,338	8,82,40,721
Total assets		7,87,65,699	9,07,84,505
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.7	10,59,98,385	10,59,98,385
Other equity		(5,96,35,522)	(6,61,72,905)
Total equity		4,63,62,863	3,98,25,480
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables	2.8	3,26,374	1,87,80,798
Other financial liabilities	2.9	1,95,11,642	1,33,56,016
Other current liabilities	2.10	28,97,401	29,99,819
Income tax liabilities, net	2.11	96,67,419	1,58,22,392
Total current liabilities		3,24,02,836	5,09,59,025
Total equity and liabilities		7,87,65,699	9,07,84,505

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
March 16, 2020

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.	Year ended December 31, 2019	Year ended December 31, 2018
Revenue from operations	2.12	1,38,50,189	5,55,64,604
Other income, net	2.13	5,46,431	93,994
Total income		1,43,96,620	5,56,58,598
Expenses			
Employee benefit expenses	2.14	70,72,764	3,02,62,302
Travel expenses		44,87,928	1,70,95,536
Cost of technical sub-contractors		4,28,584	–
Communication expenses		1,96,322	14,13,395
Consultancy and professional charges		10,76,676	23,27,190
Finance cost		–	10,195
Other expenses	2.14	7,10,208	5,06,698
Total expenses		1,39,72,482	5,16,15,316
Profit / (loss) before tax		4,24,138	40,43,282
Tax expense			
Current tax	2.11	(59,63,391)	(34,53,159)
Deferred tax	2.11	–	–
Profit / (loss) for the year		63,87,529	74,96,441
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		1,49,854	13,61,514
Total other comprehensive income / (loss), net of tax		1,49,854	13,61,514
Total comprehensive income / (loss) for the year		65,37,383	88,57,955
Profit / (loss) per equity share			
Equity shares of par value			
Basic and diluted (₹)		63,87,529.00	74,96,441.00
Weighted average equity shares used in computing income / (loss) per equity share			
Basic and diluted		1	1

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
March 16, 2020

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		Total equity attributable to equity holders of the Company
		Reserves and surplus	Other comprehensive income	
		Retained earnings	Exchange difference on translation	
Balance as at January 1, 2018	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 January 1, 2019	10,59,98,385	(6,70,48,686)	8,75,781	3,98,25,480
Changes in equity for the year ended December 31, 2019				
Additional capital infusion	–	–	–	–
Exchange differences on translation	–	–	1,49,854	1,49,854
Profit for the year	–	63,87,529	–	63,87,529
Balance as at December 31, 2019	10,59,98,385	(6,06,61,157)	10,25,635	4,63,62,863

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
March 16, 2020

for and on behalf of the Board of Directors of Lodestone Management Consultants Portugal, Unipessoal, Lda.

Marcus Steinert
Director

Statements of Cash Flows

in ₹

Particulars	Note	Year ended December 31, 2019	Year ended December 31, 2018
Cash flows from operating activities			
Profit for the year		63,87,529	74,96,441
Adjustments to reconcile net profit to net cash provided by operating activities			
Income tax expense	2.11	(59,63,391)	(34,53,159)
Interest expense		–	10,195
Exchange differences on translation of assets and liabilities		1,49,854	13,51,319
Changes in assets and liabilities			
Trade receivables		66,690	74,50,221
Loans and other financial assets and other assets		(57,14,051)	(90,149)
Trade payables		(1,84,54,424)	1,84,11,087
Other financial liabilities, other liabilities and provisions		60,53,208	(2,00,20,553)
Cash generated from operations		(1,74,74,585)	1,11,55,402
Income taxes paid		2,96,277	(5,25,720)
Net cash from / (used in) operating activities		(1,71,78,308)	1,06,29,682
Cash flow from investing activities			
Loans to employees		–	45,08,373
Net cash from investing activities		–	45,08,373
Cash flow from financing activities			
Loan repaid		–	(1,56,12,315)
Net cash used in financing activities		–	(1,56,12,315)
Net decrease / increase in cash and cash equivalents		(1,71,78,308)	(4,74,260)
Cash and cash equivalents at the beginning of the year	2.4	8,68,36,172	8,73,10,432
Cash and cash equivalents at the end of the year	2.4	6,96,57,864	8,68,36,172

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
March 16, 2020

for and on behalf of the Board of Directors of Lodestone Management Consultants Portugal, Unipessoal, Lda.

Marcus Steinert
Director

Company overview

Lodestone Management Consultants Portugal, Unipessoal, Lda 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 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

The Company derives revenues primarily from consultancy services.

Effective January 1, 2019, 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 January 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 for software related services are either on a time-and-material basis.

1.5.1 T&M

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.

1.5.2 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.

1.5.3 Tax

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 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 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

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 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 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.

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, 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 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 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 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. 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 (January 1, 2020). The effect of adoption is not expected to material for the Company's financial statements

2.1 Property, plant and equipment

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

in ₹

Particulars	Computer equipment	Total
Gross carrying value as at January 1, 2019	9,30,432	9,30,432
Translation difference	1,280	1,280
Gross carrying value as at December 31, 2019	9,31,712	9,31,712
Accumulated depreciation as at January 1, 2019	9,30,432	9,30,432
Translation difference	1,280	1,280
Accumulated depreciation as at December 31, 2019	9,31,712	9,31,712
Carrying value as at December 31, 2019	–	–
Carrying value as at January 1, 2019	–	–

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 at January 1, 2018	8,90,186	8,90,186
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
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	–	–

2.2 Trade receivables

in ₹

Particulars	As at December 31,	
	2019	2018
Current		
Unsecured – considered good [(1)]	–	66,690
	–	66,690
[(1)] Includes dues from related parties (Refer to Note 2.15)	–	66,690

2.3 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2019	2018
Balances with banks		
In current and deposit accounts	6,96,57,864	8,68,36,172
Total cash and cash equivalents	6,96,57,864	8,68,36,172

2.4 Other assets

in ₹

Particulars	As at December 31,	
	2019	2018
Non-current		
Others		
Prepaid expenses	4,592	2,66,156
	4,592	2,66,156
Current		
Others		
Withholding taxes and others	14,07,779	13,37,859
	14,07,779	13,37,859
Total other assets	14,12,371	16,04,015

2.5 Other financial assets

in ₹

Particulars	As at December 31,	
	2019	2018
Current		
Other•s [(1)] [(2)]	59,05,695	–
	59,05,695	–
Total other financial assets	59,05,695	–
[(1)] Financial assets carried at amortized cost (Refer to Note 2.6)	59,05,695	–
[(2)] Includes dues to related parties (Refer to Note 2.15)	59,05,695	–

2.6 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at December 31, 2019 and December 31, 2018 were as follows:

in ₹

Particulars	As at December 31,	
	2019	2018
Assets		
Cash and cash equivalents (Refer to Note 2.3)	6,96,57,864	8,68,36,172
Trade receivables (Refer to Note 2.2)	–	66,690
Total	6,96,57,864	8,69,02,862
Liabilities		
Trade payables (Refer to Note 2.8)	3,26,374	1,87,80,798
Other financial liabilities (Refer to Note 2.9)	1,95,11,642	94,93,561
Total	1,98,38,016	2,82,74,359

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

Financial risk management

Market risk

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

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 NIL as at December 31, 2019 and December 31, 2018, respectively and unbilled revenue amounting to NIL as at December 31, 2019 and December 31, 2018, 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.

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, 2019, the Company had a working capital of ₹4,45,68,502 including cash and cash equivalents of ₹6,96,57,864. 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 of December 31, 2019 and December 31, 2018 the outstanding compensated absences were ₹NIL and ₹38,62,455 respectively.

2.7 Equity

Equity share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2019	2018
Authorized		
Equity shares of EUR 700,000 par value	10,59,98,385	10,59,98,385
Issued, subscribed and paid-up		

Particulars	As at December 31,	
	2019	2018
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

There is no change in the number of shares during the reporting period.

2.8 Trade payables

in ₹

Particulars	As at December 31,	
	2019	2018
Trade payables [1]	3,26,374	1,87,80,798
	3,26,374	1,87,80,798
[1] includes dues to related parties (Refer to Note 2.15)	3,26,374	1,87,77,121

2.9 Other liabilities

in ₹

Particulars	As at December 31,	
	2019	2018
Current		
Others		
Withholding taxes and others	28,97,401	29,99,819
Total other liabilities	28,97,401	29,99,819

2.10 Other financial liabilities

in ₹

Particulars	As at December 31,	
	2019	2018
Current		
Others		
Accrued compensation to employees [1]	–	25,60,853
Accrued expenses [1] [2]	39,36,229	48,16,859
Compensated absences	–	38,62,455
Other payables [1] [3]	1,55,75,413	21,15,849
Total financial liabilities	1,95,11,642	1,33,56,016
Financial liability carried at amortized cost [1]	1,95,11,642	94,93,561
[2] Includes dues to related parties (Refer to Note 2.15)	–	2,50,675
[3] Includes dues to related parties (Refer to Note 2.15)	1,55,75,413	21,15,849

2.11 Income taxes

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

in ₹

Particulars	Year ended December 31,	
	2019	2018
Current taxes	(59,63,391)	(34,53,159)
Income tax expense	(59,63,391)	(34,53,159)

Current tax expense for the years ended December 31, 2019 and December 31, 2018 includes reversals (net of provisions) amounting to ₹58,93,581 and ₹46,22,202 respectively, pertaining to prior periods.

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

in ₹

Particulars	Year ended December 31,	
	2019	2018
Profit before income tax	4,24,138	40,43,282
Enacted tax rates in Portugal (%)	21.00%	21.00%
Computed expected tax expense	89,069	8,49,089
Overseas taxes	2,10,414	–
Tax provisions / (reversals)	(58,93,581)	(46,22,202)
Effect of unrecognized deferred tax assets	–	(5,94,362)
Others	(3,69,293)	9,14,316
Income tax expense	(59,63,391)	(34,53,159)

The applicable statutory tax rate for the year ended December 31, 2019 and December, 31, 2018 is 21%.

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

in ₹

	As at December 31,	
	2019	2018
Income tax assets	17,89,769	22,77,628
Current income tax liabilities	96,67,419	1,58,22,392
Net current income tax assets / (liability) at the end	(78,77,650)	(1,35,44,764)

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

in ₹

Particulars	Year ended December 31,	
	2019	2018
Net current income tax asset / (liability) at the beginning	(1,35,44,764)	(1,75,23,643)
Income tax paid	(2,96,277)	5,25,720
Current income tax expense	59,63,391	34,53,159
Net current income tax asset / (liability) at the end	(78,77,650)	(1,35,44,764)

2.12 Revenue from operations

in ₹

Particulars	Year ended December 31,	
	2019	2018
Income from consultancy services	1,38,50,189	5,55,64,604
	1,38,50,189	5,55,64,604

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 at December 31, 2019, other than those meeting the exclusion criteria mentioned above, is nil. The contracts can generally be terminated by the customers and typically includes an enforceable termination penalty payable by them.

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 Group for the year ended December 31, 2019 is insignificant.

2.13 Other income

in ₹

Particulars	Year ended December 31,	
	2019	2018
Miscellaneous income, net	5,46,431	93,994
	5,46,431	93,994

2.14 Expenses

in ₹

Particulars	Year ended December 31,	
	2019	
Employee benefit expenses		
Salaries including bonus	70,72,764	3,02,38,383
Staff welfare	–	23,919
	70,72,764	3,02,62,302

in ₹

Particulars	Year ended December 31,	
	2019	0
Other expenses		
Printing and stationery	2,706	85,497
Rates and taxes	6,241	6,501
Insurance	25,026	28,627
Exchange losses on translation of other assets and liabilities	6,41,412	3,40,460
Others	34,823	45,613
	7,10,208	5,06,698

2.15 Related party transactions

List of related parties:

Name of the holding companies	Country	Holding as at December 31,	
		2019	2018
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland	100%	100%

Name of the ultimate 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) [25]	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	Chile
Infosys Arabia Limited [2]	Saudi Arabia
Infosys Consulting Ltda. [2]	Brazil
Infosys CIS LLC [1] [18]	Russia
Infosys Luxembourg S.a.r.l [1] [13]	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [3]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc [19]	Canada

Name of subsidiaries	Country
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o. [4]	Czech Republic
Infosys Poland Sp z.o.o [4]	Poland
Infosys McCamish Systems LLC [4]	US
Portland Group Pty Ltd [4]	Australia
Infosys BPO Americas LLC. [4]	US
Lodestone Management Consultants Inc. [5][11]	US
Infosys Management Consulting Pty Limited [5]	Australia
Infosys Consulting AG [5]	Switzerland
Infosys Consulting GmbH [5]	Germany
Infosys Consulting S.R.L. [1]	Romania
Infosys Consulting SAS [5]	France
Infosys Consulting s.r.o. [5]	Czech Republic
Infosys Consulting (Shanghai) Co. Ltd. (formerly Lodestone Management Consultants Co., Ltd) [5]	China
Infy Consulting Company Ltd [5]	UK
Infy Consulting B.V. [5]	The Netherlands
Infosys Consulting Sp. z.o.o [5]	Poland
Infosys Consulting S.R.L. [5]	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) [6]	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd. [7]	Israel
Panaya GmbH [7]	Germany
Panaya Japan Co. Ltd [26] [7]	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited [8]	UK
Brilliant Basics (MENA) DMCC [8] [26]	UAE
Infosys Consulting Pte Limited (Infosys Singapore) [1]	Singapore
Infosys Middle East FZ LLC [9]	UAE
Fluido Oy [9] [14]	Finland
Fluido Sweden AB (Extero) [15]	Sweden
Fluido Norway A/S [15]	Norway
Fluido Denmark A/S [15]	Denmark
Fluido Slovakia s.r.o [15]	Slovakia
Fluido Newco AB [15]	Sweden
Infosys Compaz Pte. Ltd (formerly Trusted Source Pte. Ltd) [16]	Singapore
Infosys South Africa (Pty) Ltd [9] [17]	South Africa
WongDoody Holding Company Inc. (WongDoody) [10]	US
WDW Communications, Inc [12]	US
WongDoody, Inc [12]	US
HIPUS [20]	Japan
Stater N.V. [21]	The Netherlands
Stater Nederland B.V. [22]	The Netherlands
Stater Duitsland B.V. [22]	The Netherlands
Stater XXL B.V. [22]	The Netherlands
HypoCasso B.V. [22]	The Netherlands
Stater Participations B.V. [22]	The Netherlands
Stater Deutschland Verwaltungs-GmbH [23]	Germany
Stater Deutschland GmbH & Co. KG [23]	Germany
Stater Belgium N.V./S.A. [24]	Belgium

(1) Wholly-owned subsidiary of Infosys Limited

(2) Majority-owned and controlled subsidiary of Infosys Limited

(3) Liquidated effective November 17, 2019

(4) Wholly-owned subsidiary of Infosys BPM Limited

(5) Wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(7) Wholly-owned subsidiary of Panaya Inc.

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

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

[10] On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
[11] Liquidated effective May 4, 2018
[12] Wholly-owned subsidiary of WongDoody
[13] Incorporated effective August 6, 2018
[14] On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
[15] Wholly-owned subsidiary of Fluido Oy
[16] On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
[17] Incorporated effective December 19,2018
[18] Incorporated effective November 29, 2018
[19] Incorporated effective November 27, 2018, wholly-owned subsidiary Infosys Public Services Inc
[20] On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd, Japan
[21] On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V.
[22] Majority-owned and controlled subsidiaries of Stater N.V.
[23] Majority-owned and controlled subsidiaries of Stater Duitsland B.V.
[24] Majority-owned and controlled subsidiaries of Stater Participations B.V.
[25] Effective October 1, 2019, merged into Infosys Consulting Ltda, a majority-owned and controlled subsidiary of Infosys Limited.
[26] Under liquidation

The details of amounts due to or due from related parties as at December 31, 2019 and December 31, 2018 are as follows :

in ₹

Particulars	As at December 31,	
	2019	2018
Trade receivables		
Infosys Consulting GmbH	–	66,690
	–	66,690
Prepaid and other financial assets		
Infosys Consulting GmbH	39,39,219	–
Infosys Consulting AG	19,66,476	–
	59,05,695	–
Trade payables		
Infosys Consulting GmbH	–	1,04,92,952
Infy Consulting Company Ltd	1,13,028	81,39,025
Infy Consulting B.V.	33,677	–
Infosys Consulting Sp. z.o.o	13,381	–
Infosys Consulting AG	1,66,288	1,45,144
	3,26,374	1,87,77,121
Other payables		
Infosys Limited	755	1,66,892
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
Infy Consulting Company Ltd	1,55,74,658	–
	1,55,75,413	21,15,849
Accrued expenses		
Infosys Limited	–	2,50,675
	–	2,50,675

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

in ₹

Particulars	For the year ended December 31,	
	2019	2018
Capital transactions		
Financing transactions		
Infosys Consulting Holding AG (Infosys Lodestone)	–	–
	–	–
Interest expense		
Infosys Consulting Holding AG (Infosys Lodestone)	–	10,195
	–	10,195
Unsecured loan taken (net of repayment)		
Infosys Consulting Holding AG (Infosys Lodestone)	–	(1,56,12,315)

Particulars	For the year ended December 31,	
	2019	2018
	–	(1,56,12,315)
Revenue transactions		
Purchase of shared services including facilities and personnel		
Infy Consulting B.V.	33,269	22,991
Infosys Consulting AG	1,63,648	5,47,264
Infosys Consulting Holding AG (Infosys Lodestone)	–	11,260
Infosys Consulting GmbH	4,28,584	36,914
Infy Consulting Company Ltd	1,11,254	3,25,072
Infosys Consulting Sp. z.o.o	13,206	–
	7,49,961	9,43,501
Sale of services		
Infosys Consulting AG	75,48,649	7,36,571
Infosys Consulting GmbH	22,42,111	3,03,51,918
Infy Consulting Company Ltd	40,59,775	2,44,76,115
	1,38,50,535	5,55,64,604

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.

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Brilliant Basics Holdings Limited

Company information

Directors	A.K. Verma R.K. Singisetti S.A. Sorokin
Registered number	09767352
Registered office	The Bower 10/11th Floor 207 211 Old Street London EC1V 9NR
Independent auditor	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor 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, 2020.

Directors

The directors who served during the year were:

A.K. 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.

A.K. Verma
Director

Date: June 2, 2020

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;
- 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 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 for the year ended March 31, 2020

Opinion

We have audited the financial statements of Brilliant Basics Holdings Limited ("the Company") for the year ended March 31, 2020, 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, 2020 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on Page 700 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 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 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
Chartered Accountants

Statutory Auditor

16 Great Queen Street

Covent Garden

London

WC2B 5AH

Date: June 2, 2020

Profit and Loss Account

In £

Particulars	Note	Year ended March 31,	
		2020	2019
Administrative expenses		(5,826)	(15,837)
Operating loss	3	(5,826)	(15,837)
Interest payable and similar expenses	5	(93,063)	(105,765)
Loss before taxation		(98,889)	(121,602)
Tax on loss	6	–	–
Loss for the financial year		(98,889)	(121,602)

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

Balance Sheet

In £

Particulars	Note	As at March 31,			
			2020		2019
Fixed assets					
Investments	7		2		2
			2		2
Current assets					
Debtors: amounts falling due within one year	8	897,110		1,992,147	
Cash at bank and in hand	9	421,928		955,455	
		1,319,038		2,947,602	
Creditors: amounts falling due within one year	10	(60,501)		(1,590,176)	
Net current assets			1,258,537		1,357,426
Net assets			1,258,539		1,357,428
Capital and reserves					
Called up share capital	11		7		7
Share premium account	12		1,503,743		1,503,743
Profit and loss account	12		(245,211)		(146,322)
Total equity			1,258,539		1,357,428

The financial statements were approved and authorized for issue by the board and were signed on its behalf by:

A.K. Verma
Director

Date: June 2, 2020

The notes on pages 706 to 709 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 April 1, 2018	6	3,744	(24,720)	(20,970)
Comprehensive income for the year				
Loss for the financial period	–	–	(121,602)	(121,602)
Total comprehensive income for the year	–	–	(121,602)	(121,602)
Shares issued during the financial period	1	1,499,999	–	1,500,000
Total transactions with owners	1	1,499,999	–	1,500,000
At April 1, 2019	7	1,503,743	(146,322)	1,357,428
Comprehensive income for the year				
Loss for the financial year	–	–	(98,889)	(98,889)
Total comprehensive income for the year	–	–	(98,889)	(98,889)
At March 31, 2020	7	1,503,743	(245,211)	1,258,539

1. General information

The principal activity of Brilliant Basics Holdings Limited is that of an investment holding company.

Brilliant Basics Holdings Limited is a private company limited by shares incorporated in England and Wales. The address of its registered office is The Bower, 10/11th Floor, 207 211 Old Street, London, EC1V 9NR.

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, 2020 and these financial statements may be obtained from www.infosys.com.

The following principal accounting policies have been applied:

2.2 Going concern

The directors have considered whether the Company has been affected by the economic impact and restrictions that have ensued following the World Health Organization announcement on March 11, 2020 that COVID-19 represents an international pandemic. This is likely to have an adverse impact on the economy as a whole.

The directors have received confirmation from its ultimate parent undertaking and it's trading subsidiary's principal customer, Infosys Limited, that the existing business arrangement between the entities will continue ensuring that the Company will remain profitable. The consolidated financial statements of Infosys Limited for the year ended March 31, 2020 were approved on April 20, 2020. These consolidated accounts are publicly available from www.infosys.com. and show the Group has significant liquid assets and reserves as at March 31, 2020 and have been prepared on a going concern basis.

Having considered post year end trading, financial results and cash reserves, and 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

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.6 Share capital

Ordinary shares are classified as equity.

2.7 Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are 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 'finance income or costs'. 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.

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	For the year ended March 31,	
	2020	2019
Fees payable to the company's auditor for the audit of the company's annual financial statements	2,175	2,400
Fees payable to the company's auditor for taxation compliance services	3,550	4,000

4. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2019 £NIL).

5. Interest payable and similar expenses

In £

Particulars	For the year ended March 31,	
	2020	2019
Loans from group undertakings	35,499	47,976
Foreign exchange losses	57,564	57,789
	93,063	105,765

6. Taxation

In £

Particulars	For the year ended March 31,	
	2020	2019
Total current tax	–	–

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2019 higher than) the standard rate of corporation tax in the UK of 19% (2019 19%). The differences are explained below:

In £

Particulars	For the year ended March 31,	
	2020	2019
Loss before taxation	(98,889)	(121,602)
Loss multiplied by standard rate of corporation tax in the UK of 19% (2019 19%)	(18,789)	(23,104)
Effects of		
Losses carried forward	18,789	21,679
Expenses not deductible for tax purposes	–	1,425
Total tax charge for the financial year	–	–

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. 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.

In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporation tax rate from 19% to 17%. On March 11, 2020, the Chancellor of the Exchequer announced that legislation would be passed to retain the current 19% rate in April 2020. Both of these announcements do not constitute substantive enactment and therefore deferred taxes at the Balance Sheet date continue to be measured at the enacted tax rate of 17%.

7. Fixed asset investments

In £

Particulars	Investments in subsidiary companies
Cost	
At April 1, 2019 and March 31, 2020	2
Net book value	
At March 31, 2019 and March 31, 2020	2

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Principal activity	Class of shares	Holding
Brilliant Basics Limited	England and Wales	IT consultancy	Ordinary	100%
Brilliant Basics MENA	UAE	IT consultancy	Ordinary	100%

The registered office of Brilliant Basics Limited is The Bower, 10th/11th Floor, 207 211 Old Street, London, EC1V 9NR.

The registered office of Brilliant Basics MENA is Unit 853, DMCC Business Centre, Level 1, Jewelry & Gemplex Centre, Dubai, United Arab Emirates.

8. Debtors

In £

Particulars	As at March 31,	
	2020	2019
Amounts owed by group undertakings	895,362	1,992,144
Other debtors	1,748	3
	897,110	1,992,147

Amounts owed by group undertakings are interest free, unsecured and are repayable on demand.

9. Cash and cash equivalents

In £

Particulars	As at March 31,	
	2020	2019
Cash at bank and in hand	421,928	955,455

10. Creditors: Amounts falling due within one year

In £

Particulars	As at March 31,	
	2020	2019
Trade creditors	–	9,300
Amounts owed to group undertakings	46,900	1,574,876
Other creditors	10,601	–
Accruals and deferred income	3,000	6,000
	60,501	1,590,176

Amounts owed to group undertakings attracted an annual interest rate of between 2.5% and 3.5%, and were repaid on August 28, 2019 and March 25, 2020.

11. Share capital

In £

Particulars	As at March 31,	
	2020	2019
Shares classified as equity		
Allotted, called up and fully paid		
1,346 (2019: 1,346) Ordinary shares of £0.005 each	7	7

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

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, Bengaluru, 560 100, Karnataka, India. Copies of these group financial statements are available to the public 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,	
	2020	2019
Administrative expenses	(5,826)	(15,837)
Operating loss	(5,826)	(15,837)
Interest payable and similar expenses	(93,063)	(105,765)
Loss before taxation	(98,889)	(121,602)

In £

Particulars	For the year ended March 31,	
	2020	2019
Administrative expenses		
Legal and professional	3,550	13,300
Auditor's remuneration	2,175	2,400
Bank charges	101	137
	5,826	15,837

In £

Particulars	For the year ended March 31,	
	2020	2019
Interest payable and similar expenses		
Group interest payable	35,499	47,976
Foreign exchange losses	57,564	57,789
	93,063	105,765

Infosys Americas Inc.

Independent Auditor's report

To the Members of lnfosys Americas lnc

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of lnfosys Americas lnc ('the company'), which comprises the Balance Sheet as at 31st March 2020, 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 statements 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 2020 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 Statements:

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

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

UDIN : 20202841AAACTV3823

Place: Bengaluru.
Date: May 14, 2020

Balance Sheet

in US$

Particulars	Note no.	As at March 31,	
		2020	2019
ASSETS			
Current assets			
Financial assets			
Cash and cash equivalents	2.1	80,193	82,482
Income tax assets (net)	2.5	216	–
Total current assets		80,409	82,482
Total assets		80,409	82,482
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.4	100,000	100,000
Other equity		(22,041)	(19,968)
Total equity		77,959	80,032
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		80,409	82,482

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 Americas Inc

Mohit Joshi
Director

Bengaluru
May 14, 2020

Statement of Profit and Loss

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

Particulars	Note no.	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations		–	–
Other income	2.7	1,089	–
Total income		1,089	–
Expenses			
Consultancy and professional charges		–	2,514
Other expenses	2.6	3,162	339
Total expenses		3,162	2,853
Loss before tax		(2,072)	(2,853)
Tax expense:			
Current tax	2.5	–	–
Loss for the year		(2,072)	(2,853)
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		(2,072)	(2,853)
Earnings per equity share			
Equity shares of par value USD 10 each			
Basic (USD)		(0.21)	(0.29)
Diluted (USD)		(0.21)	(0.29)
Weighted average equity shares used in computing earnings per equity share			
Basic		10,000	10,000
Diluted		10,000	10,000

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

As per our report of even date attached

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

M. Rathnakar Kamath
Partner
Membership number: 202841

Bengaluru
May 14, 2020

for and on behalf of the Board of Directors of Infosys Americas Inc

Mohit Joshi
Director

Statement of Changes in Equity

in US$

Particulars	Equity share capital	Other equity: Reserves and surplus: Retained earnings	Total equity attributable to equity holders of the Company
Balance as of March 31, 2018	100,000	(17,115)	82,885
Changes in equity for the year ended March 31, 2018			
Loss for the year		(2,853)	(2,853)
Balance as of March 31, 2019	100,000	(19,968)	80,032
Changes in equity for the year ended March 31, 2019			
Loss for the year	–	(2,072)	(2,072)
Balance as of March 31, 2020	100,000	(22,041)	77,959

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 Americas Inc

Mohit Joshi
Director

Bengaluru
May 14, 2020

Statements of Cash Flows

in US$

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cash flow from operating activities:		
Loss for the year	(2,072)	(2,853)
Adjustments to reconcile net profit to net cash provided by operating activities:		
Interest from bank	(1,089)	–
Changes in assets and liabilities	–	–
Cash used in operations	(3,161)	(2,853)
Income taxes paid	(216)	–
Net cash used in operating activities	(3,377)	(2,853)
Cash used in investing activities		
Interest from bank	1,089	–
Net cash used / generated in investing activities	1,089	–
Net cash used in financing activities	–	–
Net decrease in cash and cash equivalents	(2,288)	(2,853)
Cash and cash equivalents at the beginning of the year	82,482	85,335
Cash and cash equivalents at the end of the year	80,193	82,482

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 Americas Inc

Mohit Joshi
Director

Bengaluru
May 14, 2020

Significant accounting policies

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 USD.

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 year.

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

1.10 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. 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.

1.11 Cash Flow Statement

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

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 year.

1.13 Other income

Other income is comprised primarily of interest income, recognized using the effective interest method.

2.1 Financial assets

Cash and cash equivalents

in US$

Particulars	As at March 31,	
	2020	2019
Balances with banks		
In current accounts	80,193	82,482
	80,193	82,482

2.2 Financial instruments

Financial instruments by category

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

in US$

Particulars	As at March 31,	
	2020	2019
Assets:		
Cash and cash equivalents (Refer to Note 2.1)	80,193	82,482
Total	80,193	82,482
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$ 77,743 and US$ 80,032 as of March 31, 2020 and March 31, 2019 respectively, which includes cash and cash equivalents of US$ 80,193 and US$ 82,482 as of March 31, 2020 and March 31, 2019 respectively.

2.3 Other financial liabilities

in US$

Particulars	As at March 31,	
	2020	2019
Current		
Others		
Accrued expenses [1]	2,450	2,450
Total financial liabilities	2,450	2,450
[1] All financial liabilities are carried at amortized cost		

2.4 Equity

Equity share capital

in US$, except as otherwise stated

Particulars	As at March 31,	
	2020	2019
Authorized		
Equity shares		
10,000 (10,000) equity shares of USD 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 USD 10 par value		
	100,000	100,000

The details of shareholder holding more than 5% shares as at March 31, 2020 and March 31, 2019 are as follows:

in no., except as stated otherwise

Name of the shareholder	As at March 31,			
	2020		2019	
	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	Year ended March 31,	
	2020	2019
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 below:

in US$

Particulars	Year ended March 31,	
	2020	2019
Profit before income taxes	(2,072)	(2,853)
Enacted tax rates in US	40.00%	40.00%
Computed expected tax expense	(829)	(1,141)
Effect of unrecognized deferred tax assets on loss	829	1,141
Others	–	–
Income tax expense	–	–

The following table provides the details of income tax assets and income tax liabilities as of March 31, 2020 and March 31, 2019:

in US$

Particulars	Year ended March 31,	
	2020	2019
Income tax assets	216	–
Current income tax liabilities	–	–
Net income tax assets/ (liability) at the end	–	–

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

in US$

Particulars	Year ended March 31,	
	2020	2019
Net current income tax asset/ (liability) at the beginning	–	–
Income tax paid	216	–
Current income tax expense	–	–
Net current income tax asset/ (liability) at the end	216	–

2.6 Expenses

in US$

Particulars	Year ended March 31	
	2020	2019
Other expenses		
Rates and taxes	300	300
Professional charges	2,320	–
Bank charges	542	39
	3,162	339

2.7 Other income

in US$

Particulars	Year ended March 31,	
	2020	2019
Other income		
Interest from bank	1,089	–
	1,089	–

2.7 Related party transactions

List of related parties:

Name of Holding Company	Country	Holding as at March 31	
		2020	2019
Infosys Limited	India	100%	100%

List of related parties:

Name of felow 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)[25]	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	US
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)	US
Infosys Chile SpA	Chile
Infosys Arabia Limited[2]	Saudi Arabia
Infosys Consulting Ltda.[1]	Brazil
Infosys CIS LLC[1] [18] [26]	Russia
Infosys Luxembourg S.a.r.l [1] [13]	Luxembourg
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)[3]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc[19]	Canada
Infosys BPM Limited	India
Infosys (Czech Republic) Limited s.r.o.[4]	Czech Republic
Infosys Poland Sp z.o.o[4]	Poland
Infosys McCamish Systems LLC [4]	US
Portland Group Pty Ltd[4]	Australia
Infosys BPO Americas LLC.[4]	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc.[5] [11]	US
Infosys Management Consulting Pty Limited[5]	Australia
Infosys Consulting AG[5]	Switzerland
Infosys Consulting GmbH[5]	Germany
Infosys Consulting S.R.L.[1]	Romania
Infosys Consulting SAS[5]	France
Infosys Consulting s.r.o.[5]	Czech Republic

Name of felow subsidiaries	Country
Infosys Consulting (Shanghai) Co., Ltd. (formerly Lodestone Management Consultants Co., Ltd)[5]	China
Infy Consulting Company Ltd[5]	UK
Infy Consulting B.V.[5]	The Netherlands
Infosys Consulting Sp. z.o.o[32]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda.[5]	Portugal
Infosys Consulting S.R.L.[5]	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)[6]	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd.[7]	Israel
Panaya GmbH[7]	Germany
Panaya Japan Co. Ltd[7][31]	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited[8]	UK
Brilliant Basics (MENA) DMCC[8] [26]	UAE
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[9]	UAE
Fluido Oy[9] [14]	Finland
Fluido Sweden AB (Extero)[15]	Sweden
Fluido Norway A/S[15]	Norway
Fluido Denmark A/S[15]	Denmark
Fluido Slovakia s.r.o[15]	Slovakia
Fluido Newco AB[15]	Sweden
Infosys Compaz Pte. Ltd (formerly Trusted Source Pte. Ltd)[16]	Singapore
Infosys South Africa (Pty) Ltd[9] [17]	South Africa
WongDoody Holding Company Inc. (WongDoody)[10]	US
WDW Communications, Inc[12]	US
WongDoody, Inc[12]	US
HIPUS Co., Ltd (formerly Hitachi Procurement Service Co. Ltd.)[20]	Japan
Stater N.V.[21]	The Netherlands
Stater Nederland B.V.[22]	The Netherlands
Stater Duitsland B.V.[22]	The Netherlands
Stater XXL B.V.[22]	The Netherlands
HypoCasso B.V.[22]	The Netherlands
Stater Participations B.V.[22]	The Netherlands
Stater Deutschland Verwaltungs-GmbH[23]	Germany
Stater Deutschland GmbH & Co. KG[23]	Germany
Stater Belgium N.V./S.A.[24]	Belgium
Outbox systems Inc. dba Simplus (US)[27]	US
Simplus North America Inc.[28]	Canada
Simplus ANZ Pty Ltd.[28]	Australia
Simplus Australia Pty Ltd[30]	Australia
Sqware Peg Digital Pty Ltd[30]	Australia
Simplus Philippines, Inc.[28]	Philippines
Simplus Europe, Ltd.[28]	UK
Simplus UK, Ltd.[29]	UK
Simplus Ireland, Ltd.[29]	Ireland

[1] Wholly-owned subsidiary of Infosys Limited

[2] Majority-owned and controlled subsidiary of Infosys Limited

[3] Liquidated effective November 17, 2019

[4] Wholly-owned subsidiary of Infosys BPM Limited

[5] Wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

[6] Majority-owned and controlled subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

[7] Wholly-owned subsidiary of Panaya Inc

[8] Wholly-owned subsidiary of Brilliant Basics Holding Limited.

[9] Wholly-owned subsidiary of Infosys Consulting Pte Ltd

[10] On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody

[11] Liquidated effective May 4, 2018

[12] Wholly-owned subsidiary of WongDoody

[13] Incorporated effective August 6, 2018

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

[15] Wholly-owned subsidiary of Fluido Oy

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

[17] Incorporated effective December 19, 2018

[18] Incorporated effective November 29, 2018

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

[20] On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd, Japan

[21] On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V.

[22] Majority-owned and controlled subsidiary of Stater N.V.

[23] Majority-owned and controlled subsidiary of Stater Duitsland B.V.

[24] Majority-owned and controlled subsidiary of Stater Participations B.V.

[25] Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly-owned subsidiary of Infosys Limited

[26] Under Liquidation

[27] On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.

[28] Wholly-owned subsidiary of Outbox Systems Inc.

[29] Wholly-owned subsidiary of Simplus Europe, Ltd.

[30] Wholly-owned subsidiary of Simplus ANZ Pty Ltd.

[31] Liquidated effective October 31, 2019

[32] On February 20, 2020, Infosys Poland Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG (formerly Lodestone Holding AG).

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Infosys Luxembourg S.a.r.l.

Independent Auditor’s Report

To the Members of Infosys Luxembourg S.à.r.l.

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys Luxembourg S.à.r.l. (“the Company”), which comprises the Balance Sheet as at March 31, 2020, 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 statements 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, 2020 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 the Management’s and those charged with Governance for the financial Statements:

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

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

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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.

UDIN : 20202841AAACTD4089

Place: Bengaluru
Date: May 14, 2020

Balance Sheet

in EUR

Particulars	Note no.	As at March 31, 2020	As at March 31, 2019
Assets			
Non-current assets			
Right-of-use asset	2.1	93,520	–
Total non-current assets		93,520	–
Current assets			
Financial assets			
Cash and cash equivalents	2.2	413,723	496,398
Income tax assets (net)	2.8	38,284	3,602
Other current assets	2.3	28,440	–
Total current assets		480,447	500,000
Total assets		573,967	500,000
Equity and Liabilities			
Equity			
Equity share capital	2.4	370,000	370,000
Other equity		892	120,500
Total equity		370,892	490,500
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liability	2.1	72,078	–
Total non-current liabilities		72,078	–
Current liabilities			
Trade payables	2.5	4,210	–
Financial liabilities			
Other financial liabilities	2.6	103,027	9,500
Lease liability	2.1	23,760	–
Total current liabilities		130,997	9,500
Total equity and liabilities		573,967	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

for and on behalf of the Board of Directors of Infosys Luxembourg S.à.r.l

M. Rathnakar Kamath
Partner
Membership number: 202841

Puneet Shukla
Director

Azalia Elmirou
Director

Bengaluru
May 14, 2020

Statement of Profit and Loss

in EUR, except equity share and per equity share data

Particulars	Note no.	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations		–	–
Total income		–	–
Expenses			
Depreciation and amortization expense	2.1	23,428	–
Finance costs		670	–
Other expenses	2.9	95,510	9,500
Total expenses		119,608	9,500
Loss before tax		(119,608)	(9,500)
Tax expense			
Current tax		–	–
Loss for the year		(119,608)	(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		(119,608)	(9,500)
Earnings per equity share			
Equity shares of par value EUR 100 each			
Basic (EUR)		(32.33)	(2.57)
Diluted (EUR)		(32.33)	(2.57)
Weighted average equity shares used in computing earnings per equity share			
Basic		3,700	3,700
Diluted		3,700	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

for and on behalf of the Board of Directors of Infosys Luxembourg S.à.r.l

M. Rathnakar Kamath
Partner
Membership number: 202841

Puneet Shukla
Director

Azalia Elmirou
Director

Bengaluru
May 14, 2020

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
Changes in equity for the year ended March 31, 2020	–	–		–
Loss for the period	–	(119,608)	–	(119,608)
Balance as of March 31, 2020	370,000	(129,108)	130,000	370,892

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 Luxembourg S.à.r.l

M. Rathnakar Kamath
Partner
Membership number: 202841

Puneet Shukla
Director

Azalia Elmirou
Director

Bengaluru
May 14, 2020

Statements of Cash Flows

in EUR

Particulars	Year ended March 31,	
	2020	2019
Cash flow from operating activities:		
Loss for the period	(119,608)	(9,500)
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation	23,428	–
Finance cost	670	–
Changes in assets and liabilities		
Other assets	(28,440)	–
Other liabilities	97,737	9,500
Cash used in operations	(26,213)	–
Income taxes paid	(34,682)	(3,602)
Net cash used in operating activities	(60,895)	(3,602)
Cash flow from investing activities:		
Net cash used in investing activities	–	–
Cash flow from financing activities:		
Issue of equity shares	–	500,000
Lease payouts	(21,780)	–
Net cash from / (used in) financing activities	(21,780)	500,000
Net decrease in cash and cash equivalents	(82,675)	496,398
Cash and cash equivalents at the beginning of the period	496,398	–
Cash and cash equivalents at the end of the period	413,723	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

for and on behalf of the Board of Directors of Infosys Luxembourg S.à.r.l

M. Rathnakar Kamath
Partner
Membership number: 202841

Puneet Shukla
Director

Azalia Elmirou
Director

Bengaluru
May 14, 2020

Significant accounting policies

Company overview

Infosys Luxembourg s.a.r.l 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 EUR.

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 EURO. These financial statements are presented in EURO.

Transactions and translations

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

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

1.10 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. 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.

1.11 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.

1.13 Leases

The Company as a lessee

The Company's lease asset classes consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contact involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU assets") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost using the effective interest rate method at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, incremental borrowing rates in the countries of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

2.1 Leases

The carrying value of right-of-use assets for the year ended March 31, 2020 is as follows:

In EUR

Particulars	Year ended March 31, 2020
Balance at the beginning	–
Additions	116,948
Deletions	–
Depreciation	(23,428)
Translation difference	–
Balance as of March 31, 2020	93,520

The break-up of current and non-current lease liability as of March 31, 2020 is as follows:

In EUR

Particulars	Amount
Non-current lease liability	72,078
Current lease liability	23,760
Total	95,838

The movement in lease liability during the year ended March 31, 2020 is as follows:

in EUR

Particulars	Year ended March 31, 2020
Balance at the beginning	–
Additions	116,948
Deletions	–
Interest accrued during the period	670
Lease payments	(21,780)
Translation difference	–
Balance as of March 31, 2020	95,838

2.2 Cash and cash equivalents

In EUR

Particulars	As at March 31,	
	2020	2019
Balances with banks		
In current accounts	413,723	496,398
	413,723	496,398

2.3 Other assets

In EUR

Particulars	As at March 31,	
	2020	2019
Current		
Advances other than capital advance		–
Payment to vendors for supply of goods/services	6,979	
Others		–
Prepaid expenses	22,541	
Reimbursable VAT	(1,080)	–
	28,440	–

2.4 Equity

Equity share capital

in EUR, except as otherwise stated

Particulars	As at March 31,	
	2020	2019
Authorized		
Equity shares		
5,000 (5,000) equity shares of EUR 100 par value	500,000	500,000
Issued, subscribed and paid-up		
Equity shares	370,000	370,000
3,700 (3,700) equity shares of EUR 100 par value		
	370,000	370,000

The details of shareholder holding more than 5% shares as at March 31, 2020 and March 31, 2019 are as follows:

in no., except as stated otherwise

Name of the shareholder	Number of shares	As at March 31, 2020	As at March 31, 2019
Infosys Limited	3,700	100	100

2.5 Trade payables

in EUR

Particulars	As at March 31,	
	2020	2019
Trade payables	4,210	–
	4,210	–

2.6 Other financial liabilities

In EUR

Particulars	As at March 31,	
	2020	2019
Current		
Others		
Other payables [1]	103,027	9,500
Total financial liabilities	103,027	9,500
Financial liability carried at amortized cost	103,027	–
[1] Includes dues to related parties	17,820	

2.7 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,	
	2020	2019
Assets:		
Cash and cash equivalents (Refer to Note 2.2)	413,723	496,398
Total	413,723	496,398
Liabilities:		
Other financial liabilities (Refer to Note 2.7)	103,027	9,500
Total	103,027	9,500

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

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents. The Company has no outstanding borrowings.

As of March 31, 2020 and March 31, 2019, the Company had cash and cash equivalents of EUR 413,723 and EUR 496,398, respectively.

2.8 Income taxes

The details of income tax assets and income tax liabilities as of March 31, 2020, March 31, 2019 are as follows:

in EUR

	As at March 31,	
	2020	2019
Income tax assets	38,284	3,602
Current income tax liabilities	–	–
Net current income tax assets / (liability) at the end	38,284	3,602

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

In EUR

	Year ended March 31,	
	2020	2019
Net current income tax asset / (liability) at the beginning	3,602	–
Income tax paid	34,682	3,602
Current income tax expense	–	–
Net current income tax asset / (liability) at the end	38,284	3,602

2.9 Other expenses

In EUR

Particulars	Year ended March 31,	
	2020	2019
Other expenses		
Rates and taxes	8,137	–
Audit fees	15,000	9,500
Professional and consultancy charges	62,707	–
Postage and courier charges	24	–
Bank charges	9,643	–
Total other expenses	95,510	9,500

2.10 Related party transactions

List of related parties:

Name of the Holding Company	Country	Holding as at March 31,	
		2020	2019
Infosys Limited	India	100%	100%

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) (24)	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	Chile
Infosys Arabia Limited (2)	Saudi Arabia
Infosys Consulting Ltda. (2)	Brazil
Infosys CIS LLC (1) (17) (25)	Russia
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (3)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc (18)	Canada
Infosys BPM Limited	India
Infosys (Czech Republic) Limited s.r.o. (4)	Czech Republic
Infosys Poland Sp z.o.o (4)	Poland
Infosys McCamish Systems LLC (4)	US
Portland Group Pty Ltd (4)	Australia
Infosys BPO Americas LLC. (4)	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc. (5) (11)	US
Infosys Management Consulting Pty Limited (5)	Australia
Infosys Consulting AG (5)	Switzerland
Infosys Consulting GmbH (5)	Germany
Infosys Consulting S.R.L. (1)	Romania
Infosys Consulting SAS (5)	France
Infosys Consulting s.r.o. (5)	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd. (formerly Lodestone Management Consultants Co., Ltd) (5)	China
Infy Consulting Company Ltd (5)	UK
Infy Consulting B.V. (5)	The Netherlands
Infosys Consulting Sp. z.o.o (31)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (5)	Portugal
Infosys Consulting S.R.L. (5)	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) (6)	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd. (7)	Israel
Panaya GmbH (7)	Germany
Panaya Japan Co. Ltd (7) (30)	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited (8)	UK
Brilliant Basics (MENA) DMCC (8) (25)	UAE
Infosys Consulting Pte Limited (Infosys Singapore) (1)	Singapore
Infosys Middle East FZ LLC (9)	UAE
Fluido Oy (9) (13)	Finland
Fluido Sweden AB (Extero) (14)	Sweden
Fluido Norway A/S (14)	Norway
Fluido Denmark A/S (14)	Denmark

Fellow subsidiaries	Country
Fluido Slovakia s.r.o [14]	Slovakia
Fluido Newco AB [14]	Sweden
Infosys Compaz Pte. Ltd (formerly Trusted Source Pte. Ltd) [15]	Singapore
Infosys South Africa (Pty) Ltd [9] [16]	South Africa
WongDoody Holding Company Inc. (WongDoody) [10]	US
WDW Communications, Inc [12]	US
WongDoody, Inc [12]	US
HIPUS [19]	Japan
Stater N.V. [20]	The Netherlands
Stater Nederland B.V. [21]	The Netherlands
Stater Duitsland B.V. [21]	The Netherlands
Stater XXL B.V. [21]	The Netherlands
HypoCasso B.V. [21]	The Netherlands
Stater Participations B.V. [21]	The Netherlands
Stater Deutschland Verwaltungs-GmbH [22]	Germany
Stater Deutschland GmbH & Co. KG [22]	Germany
Stater Belgium N.V./S.A. [23]	Belgium
Outbox systems Inc. dba Simplus (US) [26]	US
Simplus North America Inc. [27]	Canada
Simplus ANZ Pty Ltd. [27]	Australia
Simplus Australia Pty Ltd [29]	Australia
Sqware Peg Digital Pty Ltd [29]	Australia
Simplus Philippines, Inc. [27]	Philippines
Simplus Europe, Ltd. [27]	UK
Simplus UK, Ltd. [28]	UK
Simplus Ireland, Ltd. [28]	Ireland

(1) Wholly-owned subsidiary of Infosys Limited

(2) Majority-owned and controlled subsidiary of Infosys Limited

(3) Liquidated effective November 17, 2019

(4) Wholly-owned subsidiary of Infosys BPM Limited

(5) Wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(7) Wholly-owned subsidiary of Panaya Inc

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

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

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

(11) Liquidated effective May 4, 2018

(12) Wholly-owned subsidiary of WongDoody

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

(14) Wholly-owned subsidiary of Fluido Oy

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

(16) Incorporated effective December 19, 2018

(17) Incorporated effective November 29, 2018

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

(19) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd, Japan

(20) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V.

(21) Majority-owned and controlled subsidiary of Stater N.V.

(22) Majority-owned and controlled subsidiary of Stater Duitsland B.V.

(23) Majority-owned and controlled subsidiary of Stater Participations B.V.

(24) Effective October 1, 2019, merged into Infosys Consulting Ltda, a majority-owned and controlled subsidiary of Infosys Limited.

(25) Under liquidation

(26) On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.

(27) Wholly-owned subsidiary of Outbox Systems Inc.

(28) Wholly-owned subsidiary of Simplus Europe, Ltd.

(29) Wholly-owned subsidiary of Simplus ANZ Pty Ltd.

(30) Liquidated effective October 31, 2019

(31) On February 20, 2020, Infosys Poland Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG (formerly Lodestone Holding AG).

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Infosys Nova Holdings LLC

Independent Auditor's report

To the Members of Infosys Nova Holdings LLC

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys Nova Holdings LLC ('the company'), which comprises the Balance Sheet as at 31st December 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 statements 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 December 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 Statements:

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

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

UDIN : 20202841AAABSJ3864

Place: Bengaluru.
Date: March 16, 2020

Balance Sheet

In US$

Particulars	Note no.	As at December 31	
		2019	2018
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

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

M. Rathnakar Kamath
Partner
Membership number : 202841

Inderpreet Sawhney
Authorized Signatory

Bengaluru
Date: March 16, 2020

Statement of Profit and Loss

In US$

Particulars	Note no.	Year ended December 31	
		2019	2018
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

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

Inderpreet Sawhney
Authorized Signatory

Bengaluru
Date: March 16, 2020

Statement of changes in Equity

In US$

Particulars	Equity share capital	Other Equity Reserves & Surplus Retained earnings	Total equity attributable to equity holders of the Company
Balance as of January 1, 2018	15,000,000	(15,000,000)	-
Changes in equity for the year ended December 31, 2018			
Profit for the year	–	–	–
Balance as of December 31, 2019	15,000,000	(15,000,000)	-
Changes in equity for the year ended December 31, 2019	-	-	-
Balance as of December 31, 2019	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

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

M. Rathnakar Kamath
Partner
Membership number : 202841

Inderpreet Sawhney
Authorized Signatory

Bengaluru
Date: March 16, 2020

Statements of Cash Flows

In US$

Particulars	Year ended December 31	
	2019	2018
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:		
Net cash used in investing activities	–	–
Cash flow from financing activities:		
Net cash used in financing activities	–	–
Net decrease in cash and cash equivalents	–	–
Cash and cash equivalents at the beginning of the year	–	–
Cash and cash equivalents at the end of the year	–	–
Supplementary information:	$0.00	$0.00
Restricted cash balance	–	–

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 Nova Holdings LLC

Inderpreet Sawhney
Authorized Signatory

Bengaluru
Date: March 16, 2020

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 US$.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the reported balance of assets and liabilities, and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period.

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

1.5 Foreign currency

Functional currency

The functional currency of the Company is the US$. These financial statements are presented in US$.

Transactions and translations

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

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

1.6 Cash Flow Statement

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

1.7 Investments

Associates are entities over which the Company has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. The investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the acquisition date. The Company's investment in associates includes goodwill identified on acquisition.

2.1 Investments

In US$

Particulars	As at December 31,	
	2019	2018
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 quarter ended June 30, 2017, the Company has written down the entire carrying value of the investment in its associate DWA Nova LLC amounting to $15,000,000.

2.2 Equity

Equity share capital

In US$

Particulars	As at December 31	
	2019	2018
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 as at December 31, 2019 and December 31, 2018 are set out below:

Name of the shareholder	As at December 31	
	2019	2018
Infosys Limited	100%	100%

2.3 Related party transactions

Name of holding company	Country	Holding as at December31	
		2019	2018
Infosys Limited	India	100%	100%

List of related parties:

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) (25)	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)	US
Infosys Chile SpA	Chile
Infosys Arabia Limited (2)	Saudi Arabia
Infosys Consulting Ltda. (2)	Brazil
Infosys CIS LLC (1) (18)	Russia
Infosys Luxembourg S.a.r.l (1) (13)	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (3)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc (19)	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o.(4)	Czech Republic
Infosys Poland, Spz.o.o (4)	Poland
Infosys McCamish Systems LLC (4)	US
Portland Group Pty Ltd (4)	Australia
Infosys BPO Americas LLC. (4)	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc.(5) (11)	US
Infosys Management Consulting Pty Limited (5)	Australia
Infosys Consulting AG (5)	Switzerland
Infosys Consulting GmbH (5)	Germany
Infosys Consulting S.R.L.(1)	Romania
Infosys Consulting SAS (5)	France
Infosys Consulting s.r.o.(5)	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd. (formerly Lodestone Management Consultants Co.,Ltd) (5)	China
Infy Consulting Company Ltd (5)	UK
Infy Consulting B.V.(5)	The Netherlands
Infosys Consulting Sp.z.o.o (5)	Poland
Lodestone Management Consultants Portugal ,Unipessoal, Lda. (5)	Portugal
Infosys Consulting S.R.L. (5)	Argentina

Name of fellow subsidiaries	Country
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) [6]	Belgium
Panaya Inc. (Panaya)	US
PanayaLtd. [7]	Israel
Panaya GmbH [7]	Germany
Panaya Japan Co. Ltd [26] [7]	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited [8]	UK
Brilliant Basics (MENA) DMCC [8] [26]	UAE
Infosys Consulting Pte Limited (Infosys Singapore) [1]	Singapore
Infosys Middle East FZ LLC [9]	UAE
Fluido Oy [9][14]	Finland
Fluido Sweden AB (Extero) [15]	Sweden
Fluido Norway A/S [15]	Norway
Fluido Denmark A/S [15]	Denmark
Fluido Slovakia s.r.o [15]	Slovakia
Fluido Newco AB [15]	Sweden
Infosys Compaz Pte. Ltd (formerly Trusted Source Pte. Ltd) [16]	Singapore
Infosys South Africa (Pty) Ltd [9] [17]	South Africa
WongDoody Holding Company Inc. (WongDoody) [10]	US
WDW Communications, Inc [12]	US
WongDoody, Inc [12]	US
HIPUS [20]	Japan
Stater N.V. [21]	The Netherlands
Stater Nederland B.V. [22]	The Netherlands
Stater Duitsland B.V. [22]	The Netherlands
Stater XXL B.V.[22]	The Netherlands
HypoCasso B.V.[22]	The Netherlands
Stater Participations B.V.[22]	The Netherlands
Stater Deutschland Verwaltungs – GmbH [23]	Germany
Stater Deutschland GmbH & Co.KG [23]	Germany
Stater Belgium N.V./S.A.[24]	Belgium

[1] Wholly–owned subsidiary of Infosys Limited
[2] Majority-owned and controlled subsidiary of Infosys Limited
[3] Liquidated effective November 17, 2019
[4] Wholly–owned subsidiary of Infosys BPM Limited
[5] Wholly–owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
[6] Majority-owned and controlled subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
[7] Wholly-owned subsidiary of Panaya Inc.
[8] Wholly–owned subsidiary of Brilliant Basics Holding Limited.
[9] Wholly–owned subsidiary of Infosys Consulting Pte. Ltd
[10] On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
[11] Liquidated effective May 4, 2018
[12] Wholly–owned subsidiary of WongDoody
[13] Incorporated effective August 6, 2018
[14] On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
[15] Wholly–owned subsidiary of Fluido Oy
[16] On November 16, 2018, Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
[17] Incorporated effective December 19, 2018
[18] Incorporated effective November 29, 2018
[19] Incorporated effective November 27, 2018, wholly-owned subsidiary Infosys Public Services Inc
[20] On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd, Japan
[21] On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V.
[22] Majority-owned and controlled subsidiaries of Stater N.V.
[23] Majority-owned and controlled subsidiaries of Stater Duitsland B.V.
[24] Majority-owned and controlled subsidiaries of Stater Participations B.V.
[25] Effective October 1, 2019, merged into Infosys Consulting Ltda, a majority-owned and controlled subsidiary of Infosys Limited
[26] Under Liquidation

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, 2019, 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, 2019 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 recommend that the financial statements submitted to you be approved.

Deloitte AG

Marco HoogendijkBeni Furrer
Licensed Audit Expert
Auditor in Charge

Beni Furrer
Licensed Audit Expert

Zurich

March 31, 2020 MHO/BFU/vpf

Enclosures

- Financial statements (Balance Sheet, income statement and notes)

Balance Sheet

Amounts in CHF

	Notes	December 31,	
Assets		2019	2018
Cash and cash equivalents		3,127,095.47	3,361,602.61
Other short-term receivables from third parties		514,911.93	17,959.81
Other short-term receivables from subsidiaries		4,869.99	3,431,651.23
Total current assets		3,646,877.39	6,811,213.65
Loans to subsidiaries		3,409,324.87	15,797,150.00
Loans to affiliates		11,557,864.71	11,631,331.57
Investments	2.1	14,540,433.39	18,813,785.65
Total non-current assets		29,507,622.97	46,242,267.22
Total assets		33,154,500.36	53,053,480.87
Liabilities and equity			
Trade accounts payable to third parties		514.83	3,406.07
Other short-term liabilities to third parties		77.85	758.93
Other short-term liabilities to entities in which the entity holds a participation	2.2	6,003,244.33	2,710.19
Accrued expenses and deferred income		134,368.52	112,542.03
Total short-term liabilities		6,138,205.53	119,417.22
Loans from subsidiaries		0.00	4,802,120.70
Loans from shareholder		0.00	15,529,109.59
Total long-term liabilities		0.00	20,331,230.29
Total liabilities		6,138,205.53	20,450,647.51
Share capital	2.3	25,696,000.00	25,696,000.00
Statutory retained earnings		1,521,200.00	1,449,200.00
Voluntary retained earnings		5,385,633.36	4,021,842.03
Net result for the year		(5,586,538.53)	1,435,791.33
Total equity		27,016,294.83	32,602,833.36
Total liabilities and equity		33,154,500.36	53,053,480.87

Income Statement

Amounts in CHF

Particulars	Notes	December 31,	
		2019	2018
Dividends		9,011,561.65	7,332,122.39
Gross profit		9,011,561.65	7,332,122.39
Office and administration expenses		(28,977.92)	(56,011.11)
Consulting expenses		(174,470.39)	(349,959.28)
Operating expenses		(203,448.31)	(405,970.39)
Earnings before interest and tax (EBIT)		8,808,113.34	6,926,152.00
Financial expenses		(1,984,771.60)	(1,350,828.50)
Financial income		3,230,949.66	1,084,265.23
Net financial result		1,246,178.06	(266,563.27)
Extraordinary expenses	2.4	(16,198,329.16)	(5,218,864.78)
Extraordinary income	2.5	568,838.23	2.67
Net extraordinary result		(15,629,490.93)	(5,218,862.11)
Earnings before tax (EBT)		(5,575,199.53)	1,440,726.62
Tax expenses		(11,339.00)	(4,935.29)
Net result for the year		(5,586,538.53)	1,435,791.33

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 annually assessed for impairment and are adjusted to their recoverable value, if required, on an individual or grouped basis as appropriate.

2. Information on Balance Sheet and income statement items

2.1 Investments

Particulars	Currency	2019	2018
Company: Infosys Consulting GmbH			
Location: Garching b. München, Germany			
Share capital:	EUR	2,086,000.00	3,586,000.00
Directly held percentage of ownership and voting rights:		100.00%	100.00%
Company: Lodestone Management Consultants Portugal, Unipessoal LDA			
Location: Lisbon, 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: 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 % of ownership and voting rights:		100.00%	100.00%
Company: Infy Consulting Company Ltd.			
Location: London, UK			
Share capital:	GBP	50,000.00	50,000.00
Directly held percentage of ownership and voting rights:		100.00%	100.00%

Particulars	Currency	2019	2018
Company: Infosys Consulting (Belgium) SA			
Location: Brüssels, 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: Prague, 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: Bucharest, Romania			
Share capital:	RON	0.00	10,718,300.00
Directly held percentage of ownership and voting rights:		0.00%	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 S.R.L.			
Location: Buenos Aires, Argentina			
Share capital:	ARS	18,060,000.00	8,860,000.00
Directly held percentage of ownership and voting rights:		96.95%	93.79%
Indirectly held percentage of ownership and voting rights:		3.05%	6.21%

Business purpose of the companies: Management Consulting

2.2 Other short-term liabilities to entities in which the entity holds a participation

On August 5, 2019 the extraordinary general meeting of Infosys Consulting AG resolved to distribute a dividend of CHF 6,000,000. This decision was made without the auditor's confirmation. As a result the dividend distribution was reversed with a credit to other short-term liabilities to entities in which the entity holds a participation and a debit to dividend income.

2.3 Share capital

As at December 31, 2019, the share capital consists 23,050 registered shares of CHF 1,000 / par value and

26,460 preferred shares of CHF 100 / par value.

2.4 Extraordinary expenses

The extraordinary expenses for 2019 contain valuation adjustments on investments as well the loss related to the sales of S.C. Infosys Consulting S.R.L.

2.5 Extraordinary income

The extraordinary income contains the amount from ICICI Lombard General Insurance Company Ltd. towards settlement of legal case in favor of Infosys Consulting US (Infosys Consulting Holding AG).

2.6 Leasing liabilities

Off-balance leasing liabilities

2.7 Guarantees

Rental Guarantee on behalf of Infosys Consulting AG	CHF	503,200.00	503,200.00
Payment Guarantee on behalf of Infosys Consulting AG	CHF	50,000.00	50,000.00
Payment Guarantee on behalf of Infosys Consulting GmbH	EUR	48,616.29	0.00

2.8 Full-time equivalents

The Company does not have any employees (2018: no employees).

2.9 Subsequent events

On February 20, 2020 the Company sold its 100% interest in Infosys Consulting Sp. Zo.o. with a carrying amount of PLN 1,000,000.- (CHF 345'391.43) as at December 31, 2019 to Infosys Poland Sp. Zo.o. for a total cash consideration of PLN 61'800'000.00.

Subsequent to year end and up to the date of signing this report there was a global outbreak of the COVID-19 virus and associated slow-down in global economy. It is not possible to reliably estimate the length or severity of these developments, and hence their financial impact. However, this could have an adverse impact on some of our customers and may affect our results in the future periods.

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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 31st December 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 statements 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 December 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 Statements:

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

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

UDIN : 20202841AAABSK6425

Place: Bengaluru.
Date: March 16, 2020

Balance Sheet

in SAR

Particulars	Note no.	As at December 31,	
		2019	2018
ASSETS			
Current assets			
Financial assets			
Cash and cash equivalents	2.1	1,678,751	1,678,751
Total current assets		1,678,751	1,678,751
Total Assets		1,678,751	1,678,751
EQUITY AND LIABILITIE			
Equity			
Equity share capital	2.2	1,678,751	1,678,751
Other equity		–	–
Total equity		1,678,751	1,678,751
Total equity and liabilities		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

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

Balakrishna Doddaballapur
Authorized Signatory

Bengaluru
March 16, 2020

Statement of Profit and Loss

in SAR

Particulars	Note no.	Year ended December 31, 2019	Year ended December 31, 2018
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

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

Balakrishna Doddaballapur
Authorized Signatory

Bengaluru
March 16, 2020

Statement of changes in equity

In SAR

Particulars	Equity share capital	Other Equity Reserves & 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
Balance as of January 1, 2019	1,678,751	–	1,678,751
Changes in equity for the year ended December 31, 2019			
Equity share capital	–	–	–
Balance as of December 31, 2019	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

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

Balakrishna Doddaballapur
Authorized Signatory

Bengaluru
March 16, 2020

Statements of cash flows

In SAR

Particulars	Year ended December 31,	
	2019	2018
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 from 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	1,678,751	–
Cash and cash equivalents at the end of the year	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

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

Balakrishna Doddaballapur
Authorized Signatory

Bengaluru
March 16, 2020

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 Kingdom 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, 2019 to December 31 , 2019.

The comparative accounting year of the Company is from December 4, 2017 to December 31 ,2018.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind-AS) under the historical cost convention on the accrual basis. 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 31 December,	
	2019	2018
Balances with banks		
In current and deposit accounts	1,678,751	1,678,751
	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 Balance Sheet dates with banks are as follows:

In SAR

Particulars	As at 31 December,	
	2019	2018
In current accounts		
The Saudi British Bank-SABB	1,678,751	1,678,751
	1,678,751	1,678,751
Total cash and cash equivalents	1,678,751	1,678,751

2.2 EQUITY

Equity share capital

in SAR

Particulars	As at December 31,	
	2019	2018
Authorized share capital (SAR 16,787.51 par value, 100 equity shares)	1,678,751	1,678,751
Issued, Subscribed and Paid-Up (SAR 16,787.51 par value, 100 equity shares)	1,678,751	1,678,751

The details of shareholder holding more than 5% shares as at December 31, 2019 and December 31, 2018 are set out below :

Name of the shareholder	As at December 31,	
	2019	2018
Infosys Limited	70%	70%
Saudi Prerogative Company	30%	30%

2.3 Financial instruments

Financial instruments by category

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

In SAR

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 2.1)	1,678,751	–	–	–	–	1,678,751	1,678,751
Total	1,678,751	–	–	–	–	1,678,751	1,678,751

2.4 Related party transactions

Name of holding company	Country	Holding as at December 31,	
		2019	2018
Infosys Limited	India	70%	70%

List of related parties:

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)[25]	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	Chile
Infosys Consulting Ltda. [2]	Brazil
Infosys CIS LLC [1] [18]	Russia
Infosys Luxembourg S.a.r.l [1] [13]	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [3]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc [19]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o. [4]	Czech Republic
Infosys Poland Sp z.o.o [4]	Poland
Infosys McCamish Systems LLC [4]	US
Portland Group Pty Ltd [4]	Australia
Infosys BPO Americas LLC. [4]	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc. [5] [11]	US
Infosys Management Consulting Pty Limited [5]	Australia
Infosys Consulting AG [5]	Switzerland
Infosys Consulting GmbH [5]	Germany
Infosys Consulting S.R.L. [1]	Romania
Infosys Consulting SAS [5]	France
Infosys Consulting s.r.o. [5]	Czech Republic

Name of fellow subsidiaries	Country
Infosys Consulting (Shanghai) Co., Ltd. (formerly Lodestone Management Consultants Co., Ltd) (5)	China
Infy Consulting Company Ltd (5)	UK
Infy Consulting B.V. (5)	The Netherlands
Infosys Consulting Sp. z.o.o (5)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (5)	Portugal
Infosys Consulting S.R.L. (5)	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) (6)	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd. (7)	Israel
Panaya GmbH (7)	Germany
Panaya Japan Co. Ltd. (26) (7)	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited (8)	UK
Brilliant Basics (MENA) DMCC (8) (26)	UAE
Infosys Consulting Pte. Limited (Infosys Singapore) (1)	Singapore
Infosys Middle East FZ LLC (9)	UAE
Fluido Oy (9) (14)	Finland
Fluido Sweden AB (Extero) (15)	Sweden
Fluido Norway A/S (15)	Norway
Fluido Denmark A/S (15)	Denmark
Fluido Slovakia s.r.o (15)	Slovakia
Fluido Newco AB (15)	Sweden
Infosys Compaz Pte. Ltd (formerly Trusted Source Pte. Ltd) (16)	Singapore
Infosys South Africa (Pty.) Ltd. (9) (17)	South Africa
WongDoody Holding Company Inc. (WongDoody) (10)	US
WDW Communications, Inc (12)	US
WongDoody, Inc. (12)	US
HIPUS (20)	Japan
Stater N.V. (21)	The Netherlands
Stater Nederland B.V. (22)	The Netherlands
Stater Duitsland B.V. (22)	The Netherlands
Stater XXL B.V. (22)	The Netherlands
HypoCasso B.V.(22)	The Netherlands
Stater Participations B.V. (22)	The Netherlands
Stater Deutschland Verwaltungs-GmbH (23)	Germany
Stater Deutschland GmbH & Co. KG (23)	Germany
Stater Belgium N.V./S.A. (24)	Belgium

(1) Wholly-owned subsidiary of Infosys Limited
(2) Majority-owned and controlled subsidiary of Infosys Limited
(3) Liquidated effective November 17, 2019
(4) Wholly-owned subsidiary of Infosys BPM Limited
(5) Wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Wholly-owned subsidiary of Panaya Inc.
(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(9) Wholly-owned subsidiary of Infosys Consulting Pte. Ltd.
(10) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
(11) Liquidated effective May 4, 2018
(12) Wholly-owned subsidiary of WongDoody
(13) Incorporated effective August 6, 2018
(14) On October 11, 2018, Infosys Consulting Pte. Ltd., acquired 100% of the voting interests in Fluido Oy and its subsidiaries
(15) Wholly-owned subsidiary of Fluido Oy
(16) On November 16, 2018, Infosys Consulting Pte. Ltd., acquired 60% of the voting interest in Infosys Compaz Pte. Ltd.
(17) Incorporated effective December 19,2018
(18) Incorporated effective November 29, 2018
(19) Incorporated effective November 27, 2018, wholly-owned subsidiary Infosys Public Services Inc.

[20] On April 1, 2019, Infosys Consulting Pte. Ltd., acquired 81% of the voting interests in HIPUS Co., Ltd., Japan
[21] On May 23, 2019, Infosys Consulting Pte. Ltd., acquired 75% of the voting interests in Stater N.V.
[22] Majority-owned and controlled subsidiaries of Stater N.V.
[23] Majority-owned and controlled subsidiaries of Stater Duitsland B.V.
[24] Majority-owned and controlled subsidiaries of Stater Participations B.V.
[25] Effective October 1, 2019, merged into Infosys Consulting Ltda., a majority-owned and controlled subsidiary of Infosys Limited
[26] Under liquidation

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Infosys South Africa Pty. Ltd.

Independent Auditor's report

To the Members of Infosys South Africa (Pty) Ltd

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys South Africa (Pty) Ltd ('the company'), which comprises the Balance Sheet as at 31st December 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 statements 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 December 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 Statements:

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

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

UDIN : 20202841AAABSN1746

Place: Bengaluru.
Date: March 16, 2020

Balance Sheet

In ZAR

Particulars	Note no.	As at December 31, 2019
ASSETS		
Current assets		
Financial assets		
Cash and cash equivalents	2.1	376
Total current assets		376
Total assets		376
EQUITY AND LIABILITIES		
Equity		
Equity share capital	2.2	7,100
Other equity		(21,724)
Total equity		(14,624)
LIABILITIES		
Current liabilities		
Financial liabilities		
Other financial liabilities	2.3	15,000
Total current liabilities		15,000
Total equity and liabilities		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

Bengaluru
March 16, 2020

for and on behalf of the Board of Directors of Infosys South Africa (Pty) Ltd

Arul S. Sambandam
Director

Statement of Profit and Loss

In ZAR

Particulars	Note no.	As at December 31, 2019 [1]
Other income, net	2.4	30
Total income		30
Expenses		
Consultancy and professional charges	2.5	15,000
Other expenses	2.5	6,754
Total expenses		21,754
Profit / (loss) before tax		(21,724)
Tax expense		–
Profit / (loss) for the year		(21,724)
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		(21,724)

[1] For the period December 19, 2018 to December 31, 2019

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
March 16, 2020

for and on behalf of the Board of Directors of Infosys South Africa (Pty) Ltd

Arul S. Sambandam
Director

Statement of Changes in Equity

In ZAR

Particulars	Equity share capital	Retained earnings	Total equity attributable to equity holders of the Company
Changes in equity for the year ended December 31, 2019	–	–	–
Increase in equity share capital on account of fresh issue	7,100	–	7,100
Profit / (loss) for the year	–	(21,724)	(21,724)
Balance as at December 31, 2019	7,100	(21,724)	(14,624)

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

As per our report of even date attached

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

M. Rathnakar Kamath
Partner
Membership number: 202841

Bengaluru
March 16, 2020

for and on behalf of the Board of Directors of Infosys South Africa (Pty) Ltd

Arul S. Sambandam
Director

Statements of Cash Flows

In ZAR

Particulars	Year ended December 31, 2019
Cash flow from operating activities:	
Profit / (loss) for the year	(21,724)
Change in asset and liabilities	
Other financial liabilities	15,000
Net cash used in operating activities	(6,724)
Cash flow from financing activities:	
Proceed from issue of share capital	7,100
Net cash from financing activities	7,100
Net decrease in cash and cash equivalents	376
Cash and cash equivalents at the beginning of the year	–
Cash and cash equivalents at the end of the year	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

Bengaluru
March 16, 2020

for and on behalf of the Board of Directors of Infosys South Africa (Pty) Ltd

Arul S. Sambandam
Director

Company Overview and Significant Accounting Policies

Company overview

Infosys South Africa (Pty) Ltd is a wholly-owned subsidiary of Infosys Consulting PTE Limited. The purpose of the Company is to expand locally, 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 to December.

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 ZAR.

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 ZAR. These financial statements are presented in ZAR.

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 Statement of Cash Flow

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

1.7 Investments

Associates are entities over which the Company has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. The investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the acquisition date. The Company's investment in associates includes goodwill identified on acquisition.

2.1 Cash and cash equivalents

In ZAR

Particulars	As at December 31, 2019
Balances with banks	
In current and deposit accounts	376
Cash on hand	–
Others	
Deposits with financial institution	–
	376

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.

2.2 Equity

Equity share capital

In ZAR

Particulars	As at December 31, 2019
Authorized share capital (ZAR 10 par value, 1,000 equity shares)	10,000
Issued, subscribed and paid-up (ZAR 10 par value, 710 equity shares)	7,100

The details of shareholder holding more than 5% shares as at December 31, 2019 are as follows:

Name of the shareholder	As at December 31, 2019
Infosys Consulting Pte Limited	100%

2.3 Other financials liabilities

In ZAR

Particulars	As at December 31, 2019
Current	
Financial liabilities	
Accrued expenses	15,000
Total financial liabilities	15,000

2.4 Other income

In ZAR

Particulars	As at December 31, 2019 [(1)]
Interest income on deposits with bank	30
Total other income	30

[(1)] For the period December 19, 2018 to December 31, 2019

2.5 Expenses

In ZAR

Particulars	As at December 31, 2019 [(1)]
Consultancy and professional charges	
Registration and filling fees	15,000
Total consultancy and professional charges	15,000
Other expenses	
Bank charges	6,754
Total other expenses	6,754

[(1)] For the period December 19, 2018 to December 31, 2019

2.6 Related party transactions

Name of holding company	Country	Holding as at December 31, 2019
Infosys Consulting Pte Limited (Infosys Singapore)	Singapore	100%

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

List of related parties:

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) [(25)]	Brazil
Infosys Nova Ltd. (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	Chile
Infosys Arabia Limited [(2)]	Saudi Arabia
Infosys Consulting Ltda. [(2)]	Brazil
Infosys CIS LLC [(1)] [(18)]	Russia
Infosys Luxembourg S.à.r.l [(1)] [(13)]	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [(3)]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc [(19)]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o. [(4)]	Czech Republic

Name of subsidiaries	Country
Infosys Poland, Sp z o.o [4]	Poland
Infosys McCamish Systems LLC [4]	US
Portland Group Pty Ltd [4]	Australia
Infosys BPO Americas LLC. [4]	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc. [5] [11]	US
Infosys Management Consulting Pty Limited [5]	Australia
Infosys Consulting AG [5]	Switzerland
Infosys Consulting GmbH [5]	Germany
Infosys Consulting S.R.L. [1]	Romania
Infosys Consulting SAS [5]	France
Infosys Consulting s.r.o. [5]	Czech Republic
Infosys Consulting (Shanghai) Co. Ltd. (formerly Lodestone Management Consultants Co., Ltd) [5]	China
Infy Consulting Company Ltd [5]	UK
Infy Consulting B.V. [5]	The Netherlands
Infosys Consulting Sp. Z o.o [5]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [5]	Portugal
Infosys Consulting S.R.L. [5]	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) [6]	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd. [7]	Israel
Panaya GmbH [7]	Germany
Panaya Japan Co. Ltd [26] [7]	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited [8]	UK
Brilliant Basics (MENA) DMCC [8] [26]	UAE
Infosys Middle East FZ LLC [9]	UAE
Fluido Oy [9] [14]	Finland
Fluido Sweden AB (Extero) [15]	Sweden
Fluido Norway A/S [15]	Norway
Fluido Denmark A/S [15]	Denmark
Fluido Slovakia s.r.o [15]	Slovakia
Fluido Newco AB [15]	Sweden
Infosys Compaz Pte. Ltd (formerly Trusted Source Pte. Ltd) [16]	Singapore
WongDoody Holding Company Inc. (WongDoody) [10]	US
WDW Communications, Inc [12]	US
WongDoody, Inc [12]	US
HIPUS [20]	Japan
Stater N.V. [21]	The Netherlands
Stater Nederland B.V. [22]	The Netherlands
Stater Duitsland B.V. [22]	The Netherlands
Stater XXL B.V. [22]	The Netherlands
HypoCasso B.V. [22]	The Netherlands
Stater Participations B.V. [22]	The Netherlands
Stater Deutschland Verwaltungs-GmbH [23]	Germany
Stater Deutschland GmbH & Co. KG [23]	Germany
Stater Belgium N.V./S.A. [24]	Belgium

(1) Wholly-owned subsidiary of Infosys Limited

(2) Majority-owned and controlled subsidiary of Infosys Limited

(3) Liquidated effective November 17, 2019

(4) Wholly-owned subsidiary of Infosys BPM Limted

(5) Wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(7) Wholly-owned subsidiary of Panaya Inc.

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

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

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

(11) Liquidated effective May 4, 2018

[12] Wholly-owned subsidiary of WongDoody
[13] Incorporated effective August 6, 2018
[14] On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
[15] Wholly-owned subsidiary of Fluido Oy
[16] On November 16, 2018, Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
[17] Incorporated effective December 19, 2018
[18] Incorporated effective November 29, 2018
[19] Incorporated effective November 27, 2018, wholly-owned subsidiary Infosys Public Services Inc
[20] On April 1, 2019, Infosys Consulting Pte. Ltd. acquired 81% of the voting interests in HIPUS Co., Ltd, Japan
[21] On May 23, 2019, Infosys Consulting Pte. Ltd. acquired 75% of the voting interests in Stater N.V.
[22] Majority-owned and controlled subsidiaries of Stater N.V.
[23] Majority-owned and controlled subsidiaries of Stater Duitsland B.V.
[24] Majority-owned and controlled subsidiaries of Stater Participations B.V.
[25] Effective October 1, 2019, merged into Infosys Consulting Ltda, a majority-owned and controlled subsidiary of Infosys Limited
[26] Under Liquidation

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Brilliant Basics (MENA) DMCC

Independent Auditors' Report

To the shareholder of M/s. Brilliant Basics (MENA) DMCC, United Arab Emirates.

Report on the Financial Statements

Opinion

We have audited the accompanying annual financial statements of M/s. BRILLIANT BASICS (MENA) DMCC, Dubai, United Arab Emirates ("the Company") which comprise of the financial position as at 31st December, 2019, 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 31st December, 2019, 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 management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the audit of the financial statements

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

As part of an audit in accordance with (ISAs), we exercise professional 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 disclosure made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the (Company's) ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the (Company) to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

Report on other legal and regulatory requirement

As required by the provisions of the Implementing Regulations of Law No. (4) of 2001 and order dated 1st May, 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.

Axis Auditing & Accounting DMCC
Auditors & Business Consultants

Walid Aqil Mohamed AlRafi
Reg. No. 1104, Dubai, U.A.E

Date: March 30, 2020
File No.: AAA/16046/19

Statement of Financial Position

In AED

Particulars	Note	As at December 31,	
		2019	2018
Assets			
Non-current assets			
Property and equipment	4	-	2,178
Total non-current assets		-	2,178
Current assets			
Trade and other receivables	5	7,906	347,687
Cash and cash equivalents	6	213,179	1,974,230
Total current assets		221,085	2,321,917
Total assets		221,085	2,324,095
Equity and liabilities			
Equity			
Share capital	2	50,000	50,000
Retained earnings		281,474	424,733
Shareholder's current account		(110,389)	(110,389)
Total equity		221,085	364,344
Liabilities			
Current liabilities			
Trade and other payables	7	-	1,959,751
Total current liabilities		-	1,959,751
Total equity and liabilities		221,085	2,324,095

The notes on pages 788 to 790 form an integral part of these financial statements.

These financial statements have been approved and signed by the undersigned on 18th March, 2020.

Brilliant Basics (MENA) DMCC

Anand Kumar Verma
Manager

The report of the Auditors is set on 782 to 783.

Statement of Comprehensive Income

In AED

Particulars	Note	For the year ended December 31,	
		2019	2018
Revenue		53,181	2,200,220
Cost of revenue	8	(25,225)	(1,380,237)
Gross profit		27,956	819,983
Administration expenses	9	(123,626)	(480,584)
Depreciation	4	(2,178)	(2,625)
Operating loss for the year		(97,848)	336,774
Exchange loss		(43,951)	120,864
Finance charges		(1,460)	(10,541)
Loss for the year		(143,259)	447,097
Other comprehensive income		-	-
Total comprehensive loss for the year		(143,259)	447,097

The notes on pages 788 to 790 form an integral part of these financial statements.

These financial statements have been approved and signed by the undersigned on 18th March, 2020.

Brilliant Basics (MENA) DMCC

Anand Kumar Verma
Manager

The report of the Auditors is set on 782 to 783.

Statement of Changes in Equity

In AED

Particulars	Share capital	Retained earnings	Shareholder's current account	Total equity
As at January 1, 2018	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
Total comprehensive loss for the year	-	(143,259)	-	(143,259)
Balance at December 31, 2019	50,000	281,474	(110,389)	221,085

The notes on pages 788 to 790 form an integral part of these financial statements.

These financial statements have been approved and signed by the undersigned on 18th March, 2020.

Brilliant Basics (MENA) DMCC

Anand Kumar Verma
Manager

The report of the Auditors is set on 782 to 783.

Statement of Cash Flows

In AED

Particulars	For the year ended December 31,	
	2019	2018
Cash flows from operating activities		
Loss for the year	(143,259)	447,097
Adjustment for:		
Finance charge	1,460	10,541
Depreciation	2,178	2,625
	(139,621)	460,263
Changes in working capital:		
Trade and other receivables	339,781	394,875
Trade and other payables	(1,959,751)	1,587,677
Cash used in operations	(1,759,591)	2,442,815
Net cash used in operating activities	(1,759,591)	2,442,815
Cash flows from financing activities		
Loan repaid	-	(509,569)
Finance charges	(1,460)	(10,541)
Net cash used in financing activities	(1,460)	(520,110)
Net cash movement for the year	(1,761,051)	1,922,705
Cash and cash equivalents at beginning of the year	1,974,230	51,525
Cash and cash equivalents at end of the year	213,179	1,974,230

The notes on pages 788 to 790 form an integral part of these financial statements.

These financial statements have been approved and signed by the undersigned on 18th March, 2020.

Brilliant Basics (MENA) DMCC

Anand Kumar Verma
Manager

The report of the Auditors is set on 782 to 783.

Notes to the Financial Statements

1 Legal status and activities

Brilliant Basics (MENA) DMCC was registered in Dubai Multi Commodities Centre, Dubai, on November 6, 2014 under Registration Number DMCC20821 and under Service License Number DMCC-087203, as a free zone company with limited liability pursuant to Law no. (4) of 2001 and order dated May 1, 2002 in respect of Establishing Dubai Multi Commodities Centre Authority. The registered address (of the Company) is Unit No: 863, DMCC Business Centre, Level No 1, Jewelry & 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:

Name	No. of shares	Value per share	Total value	%
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 1,000only.

3 Significant accounting policies

3.1 Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs).

3.2 Accounting convention

These financial statements have been prepared under the historical cost convention. The fair / net realizable value concept of measurement of assets and liabilities has also been applied wherever applicable under (IFRSs).

3.3 Foreign currency transactions

Foreign currency transactions are recorded in U.A.E. Dirhams at the approximate rate of exchange ruling at the time of the transaction. Assets and liabilities expressed in foreign currencies at the statement of financial position date are translated into U.A.E. Dirhams at the year-end rate of exchange. All foreign currency gains or losses are booked in the statement of comprehensive income as and when they arise.

3.4 Revenue recognition

Revenue on rendering of services is recognized as per the terms of the contracts with the customers and comprises the invoiced value of services (net of discounts) rendered during the year.

3.5 End of service benefits

Amount payable to employees under the 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:

Particular	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 January 1, 2019	13,100	13,100
As at December 31, 2019	13,100	13,100
Accumulated depreciation		
As at January 1, 2019	10,922	10,922
Charge for the year	2,178	2,178
As at December 31, 2019	13,100	13,100
Net book value		
As at December 31, 2019	-	-
As at December 31, 2018	2,178	2,178

5 Trade and other receivables

In AED

Particulars	Note	As at December 31, 2019	As at December 31, 2018
Trade receivables	5.1	-	317,198
Prepayments		6,667	29,274
Deposit (rent)		-	1,215
VAT recoverable		1,239	-
		7,906	347,687

5.1 Previous year figure included receivable from related party (M/s. Infosys Limited) of AED 54,516.

6 Cash and cash equivalents

In AED

Particulars	As at December 31, 2019	As at December 31, 2018
Cash at bank	213,179	1,974,230
	213,179	1,974,230

7 Trade and other payables

In AED

Particulars	Note	As at December 31, 2019	As at December 31, 2018
Trade payables	7.1	-	1,758,767
Accrued expense		-	200,984
		-	1,959,751

7.1 Previous year figure Included 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.

8 Cost of revenue

In AED

Particulars	For the year ended December 31, 2019	For the year ended December 31, 2018
Direct cost	25,225	1,380,237
	25,225	1,380,237

9 Administration expenses

In AED

Particulars	For the year ended December 31, 2019	For the year ended December 31, 2018
Legal, visa and professional fees	27,826	22,015
Salary and other allowances	65,061	407,126
Rent	16,000	37,688
Other expenses	2,230	-
Impairment of trade receivables	12,509	-
Stationery	-	1,922
Travelling expenses	-	5,442
Communication and utilities	-	1,308
Insurance	-	5,083
	123,626	480,584

10 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 related party transactions entered into during the year were in ordinary course of the business and are on arm's length basis. For the year ended 31st December, 2019 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.

11 Fair value of financial instruments

The (Company's) financial instruments are accounted for under the historical cost convention. Fair value represents the amount at which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction, therefore, differences can arise between values under the historical cost method and fair value estimates. The fair value of the financial assets and liabilities approximate their carrying amounts as reflected in these financial statements.

12 Interest rate risk

Significant financial instruments, other assets and other liabilities (of the Company) as at 31st December, 2019 are not interest-based.

13 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 U.A.E Dirhams or USD, the Company is not exposed to a significant exchange rate risk.

14 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.

15 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 assets and liabilities. The Company ensures that it has sufficient cash on demand to meet expected operational expenses.

16 Contingencies and commitments

Except for ongoing business commitments, which are in the normal course of business as at 31st December, 2019, the (Company) had following contingencies and commitments.

17 Comparative figures

Previous year's figures have been reclassified / regrouped wherever necessary to conform to the presentation adopted in these financial statements. Figures (of the Company) have been rounded off to the nearest AED 1.

The notes on pages 788 to 790 form an integral part of these financial statements.

These financial statements have been approved and signed by the undersigned on 18th March, 2020

Brilliant Basics (MENA) DMCC

Anand Kumar Verma
Manager

The report of the Auditors is set on 782 to 783

HIPUS Co., Ltd

Independent Auditor’s Report

To the Members of HIPUS Co., Ltd

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of HIPUS Co., Ltd (‘the company’), which comprises the Balance Sheet as at 31st March 2020, 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 statements 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 2020 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 Statements:

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

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

UDIN : 20202841AAADAL1803

Place: Bengaluru
Date: 14th May, 2020

Balance Sheet

In JPY million

	Note no.	As at March 31,		As at April 1,
		2020	2019	2018
Assets				
Non-current assets				
(a) Property, plant and equipment	3	21	6	4
(b) Goodwill	3A	–	–	–
(c) Right-of-use asset	3B	202	–	–
(d) Other intangible assets	3A	98	37	25
(e) Deferred tax assets	9	159	158	146
(f) Financial assets				
(i) Others	5	90	91	92
(g) Other non-current assets	6	–	–	–
Total non-current assets		570	293	267
Current assets				
(a) Financial assets				
(i) Trade receivables	7	14,749	22,403	20,023
(ii) Cash and cash equivalents	8	1,951	2,869	28
(iii) Others	5	3,240	–	6,675
(b) Other current assets	6	510	48	483
Total current assets		20,449	25,320	27,209
Total assets		21,019	25,613	27,476
Equity and liabilities				
Equity				
(a) Equity share capital	4	500	500	500
(b) Other equity		379	152	1,083
Total equity		879	652	1,583
Liabilities				
Non-current liabilities				
(a) Provisions	10	214	196	173
(b) Other financial liabilities				
(i) Lease liability	11	101	–	–
Total non-current liabilities		315	196	173
Current liabilities				
(a) Financial liabilities				
(i) Trade payables	12	19,180	23,869	25,146
(ii) Other financial liabilities	11	493	389	392
(b) Other current liabilities	13	152	508	181
Total current liabilities		19,825	24,765	25,720
Total equity and liabilities		21,019	25,613	27,476

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

As per our reports of even date attached

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

M. Rathnakar Kamath
Partner
Membership number: 202841

Bengaluru
14th May, 2020

for and on behalf of the Board of Directors
HIPUS Co., Ltd

Anantha Radhakrishnan
Director

Rajeev Ranjan
Director

Statement of Profit and Loss

In JPY million

	Particulars	Note no.	For the year ended March 31,	
			2020	2019
I	Revenue from operations	14	3,543	3,281
	Other income	15	11	9
	Total income (I)		3,554	3,290
II	Expenses			
	Employee benefits expense	16	1,668	1,758
	Depreciation and amortization expense	17	132	12
	Cost of technical subcontractors		1,085	917
	Travel expenses		32	28
	Other expenses	18	280	363
	Total expenses (II)		3,197	3,079
III	Profit before tax (I-II)		358	211
IV	Tax expense			
	(i) Current tax	22	127	88
	(ii) Deferred tax	22	(0)	(12)
	Total tax expense (IV)		127	75
V	Profit for the year (III-IV)		230	136
VI	Other comprehensive income / (loss)			
	Items that will not be reclassified subsequently to profit or loss		–	–
	Other comprehensive expense for the year		–	–
VII	Total comprehensive income for the year (V+VI)		230	136
	Earnings per share (EPS)			
	Basic and diluted (JPY)	19	230,478	136,054
	Weighted average no. of shares		1,000	1,000

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

As per our reports of even date attached

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

M. Rathnakar Kamath
Partner
Membership number: 202841

Bengaluru
14th May, 2020

for and on behalf of the Board of Directors
HIPUS Co., Ltd

Anantha Radhakrishnan
Director

Rajeev Ranjan
Director

Equity share capital and retained earnings

Statement of Changes in Equity

In JPY million

Particulars	Equity	Reserve and surplus		Total equity attributable to the equity holders of the Company
		Legal capital reserve	Retained earnings	
Balance as at April 1, 2018	500	1	1,083	1,583
Changes in equity				
Dividend (including tax on dividend)	–	–	(1,067)	(1,067)
Profit / (Loss) for the year			136	136
Total comprehensive income	–	–	136	136
Balance at the end of March 31, 2019	500	1	151	652
Changes in equity				
Dividend (including tax on dividend)	–	–	6	6
Impact of implementing IFRS 16 (Lease Accounting)	–	–	(10)	(10)
Profit / (Loss) for the year			230	230
Total comprehensive income	–	–	230	230
Balance as at March 31, 2020	500	1	379	879

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

As per our reports of even date attached

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

for and on behalf of the Board of Directors
HIPUS Co., Ltd

M. Rathnakar Kamath
Partner
Membership number: 202841

Anantha Radhakrishnan
Director

Rajeev Ranjan
Director

Bengaluru
14th May, 2020

Statement of Cash Flow

In JPY million

	Note no.	For the year ended March 31, 2020	2019
Cash flows from operating activities			
Profit before tax for the year		358	211
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation and amortization expense		132	12
Interest income		(1)	(3)
Other adjustments		(139)	(210)
Changes in assets and liabilities			
Trade receivables		7,655	(2,381)
Other financial asset and other assets		(466)	7,098
Trade payables		(4,689)	(1,277)
Other financial liabilities, other liabilities and provisions		193	409
Cash from operations		3,044	3,860
Income taxes paid (net of refunds)		(126)	(64)
Net cash from operating activities (A)		2,918	3,796
Cash flows from investing activities			
Expenditure on property plant and equipment, Intangibles		(410)	(26)
Interest income		1	3
Net cash used in investing activities (B)		(409)	(23)
Cash flows from financing activities			
Loan (given) / received		(3,235)	0
Dividend including tax on dividend (paid) / refund		(192)	(933)
Others		–	–
Net cash used in financing activities (C)		(3,426)	(933)
Net increase / (decrease) in cash and cash equivalents (A+B+C)		(918)	2,840
Cash and cash equivalents at the beginning of the year		2,869	28
Cash and cash equivalents at the end of the year	8	1,951	2,869

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

As per our reports of even date attached

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

for and on behalf of the Board of Directors
HIPUS Co., Ltd

M. Rathnakar Kamath
Partner
Membership number: 202841

Anantha Radhakrishnan
Director

Rajeev Ranjan
Director

Bengaluru
14th May, 2020

HIPUS Co., Ltd is a majority-owned subsidiary of Infosys Consulting Pte Ltd. The Company renders procurement outsourcing services to customers, thereby enabling clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year for the Company is from April 1 to March 31.

1.2 Basis of preparation of financial statements

These standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and Companies (Indian Accounting Standards) Amendment Rules, 2016, as applicable.

These financial statements are the Company's first Ind AS financial statement. The Company has adopted all the Ind AS standards and adoption was carried out in accordance with Ind AS 101, First-time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Presentation currency

The Company's presentation currency is Japanese Yen (JPY)

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the accounting policies and reported balances of assets and liabilities, and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Examples of such estimates include computation of percentage-of-completion which requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts to be expended, impairment losses on financial assets, income taxes, post-sales customer support, and the useful lives of property, plant, and equipment and intangible assets.

1.5 Revenue recognition

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

Arrangements with customers for services are either on a fixed-price, fixed-timeframe or on a transactional basis.

Revenue on time-and-material contracts 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.

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.

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 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 :

Asset	Life of asset
Furniture and fixture	5 years
Building	8 - 12 years

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

1.8 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.

1.9 Leased assets

The Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets 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.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition

Effective April 1, 2019, the Company adopted Ind AS 116, Leases and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of ROU asset of JPY 319 million and a lease liability of JPY 328 million. The cumulative effect of applying the standard, amounting to JPY 10 million was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognize ROU assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the ROU asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 0.1%

1.10 Financial instruments

1.10.1 Initial recognition

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

1.10.2 Subsequent measurement

Non-derivative financial instruments

(i) Financial assets carried at amortized cost

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

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

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

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

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

(iv) Financial liabilities

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

1.11 Fair value of financial instruments

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

1.12 Impairment

a. Financial assets

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

b. Non-financial assets

(i) Property, plant, and equipment

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

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

1.13 Employee benefits

Provision for retirement benefits

Provided for payment of retirement benefits to employees, in the amount deemed accrued at the fiscal year-end, based on the projected retirement benefit obligation at the fiscal year-end (equals the benefits payable for voluntary retirements at the current year based on simplified method).

Provision for director bonus and employee bonus

Recognized based on the estimated payment amount for bonus to directors and employees"

1.14 Income taxes

Income tax is computed based on the consolidated tax system.

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 Earning per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period.

2 Notes to the standalone financial statements for the year ended March 31, 2020

2.1 First-time adoption of Ind AS

These standalone financial statements of HIPUS Co., Ltd for the year ended March 31, 2020, have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101, First-time adoption of Indian accounting Standard, with April 1, 2018 as the transition date.

The transition to Ind AS has resulted in changes in the presentation of the financial statements and disclosures in the notes thereto. The accounting policies set out in Note 1 have been applied in preparing the standalone financial statements for the year ended March 31, 2020 and the comparative information. Transition from previous GAAP to Ind AS has not affected the Company's Balance Sheet and Statement of Profit and Loss. Accordingly, a reconciliation statement in accordance with Ind AS 101 has not been presented. There were no significant reconciliations for the Cash Flow Statement under previous GAAP and Ind AS.

2.2 Effects on adoption of Ind AS 115

The Company has elected to adopt Ind AS 115 using the modified retrospective method. An entity that elects the modified retrospective method would apply Ind AS 115 retrospectively to only current period by recognizing the cumulative effect of initially applying Ind AS 115 as an adjustment to the opening balance of retained earnings at the date of application (April 1, 2018 in case of the Company).

Under the modified retrospective method, the comparative information in the standalone financial statements would not be restated and would be presented based on the requirements of the previous standard.

The impact of adoption of the standard on the standalone financial statements is insignificant and hence not adjustments made.

3 Property, plant and equipment

In JPY million

Particulars	Buildings	Furniture and fixtures	Construction in progress	Total
Gross block				
Balance as at April 1, 2018	21	0	–	21
Additions	3	–	–	3
Balance as at March 31, 2019	24	0	–	24
Additions	–	5	12	18
Balance as at March 31, 2020	24	5	12	41
Accumulated depreciation				
Balance as at April 1, 2018	17	–	–	17
Depreciation expense for the year	1	–	–	1
Balance as at March 31, 2019	18	–	–	18
Depreciation expense for the year	2	–	–	3
Disposals	–	–	–	–
Balance as at March 31, 2020	20	1	–	20
Net block as at April 1, 2018	4	–	–	4
Net block as at March 31, 2019	6	–	–	6
Net block as at March 31, 2020	4	5	12	21

3A Goodwill and other intangible assets

In JPY million

Particulars	Other intangible assets	
	Software	Construction in progress
Balance as at April 1, 2018	153	–
Additions	19	4
Balance as at March 31, 2019	172	4

Particulars	Other intangible assets	
	Software	Construction in progress
Additions	75	–
Disposals	–	1
Balance as at March 31, 2020	247	3
Accumulated Amortization and impairment losses		
Balance as at April 1, 2018	128	–
Amortization expense for the year	11	–
Balance as at March 31, 2019	138	–
Amortization expense for the year	14	
Balance as at March 31, 2020	152	–
Net block as at April 1, 2018	25	–
Net block as at March 31, 2019	34	4
Net block as at March 31, 2020	95	3

3B Leases

The changes in the carrying value of right-of-use assets for the year ended March 31, 2020 are as follows:

in JPY million

Particulars	Category of ROU asset			Total
	Land	Buildings	Computers	
Balance as at April 1, 2019	–	319	–	319
Reclassified on account of adoption of Ind AS 116		–	–	–
Additions				–
Deletion	–	–	–	–
Depreciation		(116)		(116)
Balance as at March 31, 2020	–	202	–	202

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

The break-up of current and non-current lease liabilities as at March 31, 2020 is as follows:

In JPY million

Particulars	As at March 31, 2020
Current lease liabilities	111
Non-current lease liabilities	101
Total	212

The movement in lease liabilities during the year ended March 31, 2020 is as follows:

In JPY million

Particulars	Year ended March 31, 2020
Balance at the beginning	328
Additions	
Finance cost accrued during the period	(0)
Deletions	
Payment of lease liabilities	(116)
Translation difference	
Balance at the end	212

The details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis is as follows:

In JPY million

Particulars	As at March 31, 2020
Less than one year	112
One to five years	101
More than five years	
Total	212

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

4. Equity share capital and retained earnings

In JPY million

Particulars	For the year ended March 31,	
	2020	2019
Authorized Equity shares, JPY 500,000 par value 1,000 common stock	500	500
Issued, subscribed and paid-up capital Equity shares, JPY 500,000 par value 1,000 common stock	500	500

The details of shareholder holding more than 5% shares as at March 31, 2020 and 31 March 2019 is as follows:

Name of shareholder	As at March 31,			
	2020		2019	
	Number of shares	Holding %	Number of shares	Holding %
Infosys Limited	810	81%	–	–
Hitachi Limited	150	15%	1,000	100%

The number of shares outstanding and the amount of share capital as at March 31, 2020 and 31 March 2019 is as follows:

Number of shares at the beginning and end of the period	As at March 31,			
	2020		2019	
	Number of shares	Amount (JPY)	Number of shares	Amount (JPY)
Number of shares	1,000	500,000,000	1,000	500,000,000

5 Other financial assets

in JPY million

Particulars	As at March 31,				As at April 1,	
	2020		2019		2018	
	Non-current	Current	Non-current	Current	Non-current	Current
Considered good						
(a) Other financial assets	90	–	91	–	92	6,675
(b) Loan	–	3,240	–	–	–	–
	90	3,240	91	–	92	6,675

6 Other assets

in JPY million

Particulars	As at March 31,				As at April1,	
	2020		2019		2018	
	Non-current	Current	Non-current	Current	Non-current	Current
Considered good						
(a) Prepaid expenses	–	23	–	11	–	13
(b) Balances with statutory / government authorities	–	214	–	2	–	326
(d) Others	–	272	–	35	–	144
	–	510	–	48	–	483

7 Trade receivables

in JPY million

Particulars	As at March 31,		As at April 1,
	2020	2019	2018
Trade receivables (unsecured)			
considered good	14,749	22,403	20,023
Less: Allowance for doubtful debts	–	–	–
	14,749	22,403	20,023

8 Cash and cash equivalents

in JPY million

Particulars	As at March 31,		As at April 1,
	2020	2019	2018
(a) Cash on hand	–	–	–
(b) Balances with bank			
- In current accounts	1,951	2,869	28
	1,951	2,869	28

9 Recognized deferred tax (net)

in JPY million

Particulars	As at March 31,		As at April1,
	2020	2019	2018
Deferred tax liability			
Excess of depreciation on fixed assets under income-tax law over depreciation provided in accounts	–	–	–
Deferred tax assets			
Provision for employee benefits	155	154	142
Property, plant and equipment	4	4	4
Deferred tax assets (net) [1]	159	158	146

(1) Net deferred tax assets have been recognized only to the extent that the Company has sufficient taxable temporary differences or there is convincing evidence that sufficient taxable profit will be available against which such deferred tax assets can be realized.

10 Provisions

In JPY million

Particulars	As at March 31,				As at April 1,	
	2020		2019		2018	
	Non-current	Current	Non-current	Current	Non-current	Current
Asset retirement obligation	11	–	11	–	11	–
Provision for retirement benefits	203	–	185	–	162	–
	214	–	196	–	173	–

11 Other financial liabilities

In JPY million

Particulars	As at March 31,				As at April 1,	
	2020		2019		2018	
	Non-current	Current	Non-current	Current	Non-current	Current
Accrued expenses	–	122	–	137	–	143
Deposits received	–	13	–	18	–	19
Employee benefits payable	–	246	–	233	–	230
Lease liability	101	111	–	–	–	–
	101	493	–	389	–	392

12 Trade payables

In JPY million

Particulars	As at March 31,		As at April 1,
	2020	2019	2018
Trade payables	19,180	23,869	25,146
	19,180	23,869	25,146

13 Other liabilities

In JPY million

Particulars	As at March 31,		As at April 1,
	2020	2019	2018
Provision for dividend distribution tax	–	200	–
Income taxes payable	39	38	26
Others	114	270	155
	152	508	181

14 Revenue from operations

In JPY million

Particulars	For the year ended March 31,	
	2020	2019
Revenue from services	3,543	3,281
	3,543	3,281

Trade receivables

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

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 Group expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Group 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 at March 31, 2020, other than those meeting the exclusion criteria mentioned above, is ₹ NIL. Out of this, the Group expects to recognize revenue of around 100% within the next one year and the remaining thereafter. The contracts can generally be terminated by the customers and typically includes an enforceable termination penalty payable by them.

The impact on account of applying the erstwhile Ind AS 18, Revenue standard instead of Ind AS 115, Revenue from Contract with Customers on the financials results of the Group for the year ended December 31, 2019 is insignificant.

15 Other income

In JPY million

Particulars	For the year ended March 31,	
	2020	2019
Interest income	6	3
Miscellaneous income (net)	5	6
	11	9

16 Employee benefits expense

In JPY million

Particulars	For the year ended March 31,	
	2020	2019
Salaries and wages	1,316	1,363
Staff welfare expenses	260	272
Pension costs	70	70

Particulars	For the year ended March 31,	
	2020	2019
Directors remuneration	21	52
	1,668	1,758

17 Depreciation and amortization expense

In JPY million

Particulars	For the year ended March 31,	
	2020	2019
Depreciation of property, plant and equipment [1]	118	1
Amortization of intangible assets	14	11
	132	12

[1] including ROU amortization

18 Other expenses

In JPY million

Particulars	For the year ended March 31,	
	2020	2019
Communication expenses	9	8
Office expenses	191	113
Rental	39	191
Recruitment	16	10
Consumables	4	3
Auditor's remuneration		
Statutory audit fees	6	6
Miscellaneous expenses	2	6
Rates and taxes	14	26
	280	363

19 Earnings per share

Basic and diluted earnings per share

The calculations of earnings attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic earnings per share calculations are as follows:

Particulars	For the year ended March 31,	
	2020	2019
a. Profit after tax (JPY million)	230	136
b. Weighted average number of equity shares for the purposes of basic earnings per share	1,000	1,000
Basic and diluted earning per equity share (a/b) JPY	230,478	136,054

20 Financial instruments

A comparison by class of the carrying amount and fair value of the Company's financial instruments other than those with carrying amount that are reasonable approximations of fair values is as follows:

As at March 31, 2020:

In JPY million

Particulars	Note no.	Amortized cost	Financial assets / liabilities		Total carrying value	Fair value			
			Fair value through profit and loss	Fair value through other comprehensive income		Level 1	Level 2	Level 3	Total
Assets									
Financial assets									
Other financial assets	5	3,330	–	–	3,330	–	–	–	–
Trade receivables	7	14,749	–	–	14,749	–	–	–	–
Cash and cash equivalents	8	1,951	–	–	1,951	–	–	–	–
Others		–	–	–	–	–	–	–	–
Total financial assets		20,030	–	–	20,030	–	–	–	–
Liabilities									
Financial liabilities									
Trade payables	12	19,180	–	–	19,180	–	–	–	–
Other financial liabilities	11	593	–	–	593	–	–	–	–
Total financial liabilities		19,773	–	–	19,773	–	–	–	–

As at March 31, 2019

In JPY million

Particulars	Note no.	Amortized cost	Financial assets / liabilities		Total carrying value	Fair value			Total
			Fair value through profit and loss	Fair value through other comprehensive income		Level 1	Level 2	Level 3	
ASSETS									
Financial assets									
Other financial assets	5	91	–	–	91	–	–	–	–
Trade receivables	7	22,403	–	–	22,403	–	–	–	–
Cash and cash equivalents	8	2,869	–	–	2,869	–	–	–	–
Others		–	–	–	–	–	–	–	–
Total financial assets		25,363	–	–	25,363	–	–	–	–
Liabilities									
Financial liabilities									
Trade payables	12	23,869	–	–	23,869	–	–	–	–
Other financial liabilities	11	389	–	–	389	–	–	–	–
Total financial liabilities		24,258	–	–	24,258	–	–	–	–

As at April 1, 2018

In JPY million

Particulars	Note no.	Amortized cost	Financial assets/liabilities		Total carrying value	Fair value			
			Fair value through profit and loss	Fair value through other comprehensive income		Level 1	Level 2	Level 3	Total
Assets									
Financial assets									
Other financial assets	5	6,767	–	–	6,767	–	–	–	–
Trade receivables	7	20,023	–	–	20,023	–	–	–	–
Cash and cash equivalents	8	28	–	–	28	–	–	–	–
Others		–	–	–	–	–	–	–	–
Total financial assets		26,818	–	–	26,818	–	–	–	–
Liabilities									
Financial liabilities									
Trade payables	12	25,146	–	–	25,146	–	–	–	–
Other financial liabilities	11	392	–	–	392	–	–	–	–
Total financial liabilities		25,539	–	–	25,539	–	–	–	–

Notes :The carrying value of all the items in the table above have been classified as amortized cost. Amortized cost is deemed to be the carrying value.

Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

21 Financial risk management

The Company's principal financial liabilities comprise loans and borrowings, Trade and other payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include investments, loans, trade and other receivables, cash and cash equivalents and other bank balances that derive directly from its operations.

The Company's activities expose it to market risk, credit risk and liquidity risk.

(a) Risk management framework

The Company's risk management is carried out by the Management under the policies approved by the Board of Directors that help in identification, measurement, mitigation and reporting all risks associated with the activities of the Company. These risks are identified on a continuous basis and assessed for the impact on the financial performance. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

(b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, trade receivables, trade payables, deposits and investments.

(i) Foreign currency risk

The Company operates primarily in Japan and does not have any foreign currency risk

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any debt and hence does not carry any interest rate risk.

(c) 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. The Company is exposed to the credit risk from its trade receivables, unbilled revenue, investments, cash and cash equivalents, bank deposits and loans. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets.

(i) Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a credit evaluation before entering into an arrangement. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous group and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company considers the credit risk with respect to trade receivables as low, since majority of the customers are parties with good repute and are regular in discharging their obligation within the credit period provided by the Company. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information

Expected credit loss for the years ended March 31, 2020, 2019 and 2018 is nil.

(ii) Financial instrument and cash deposit

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from nonperformance by these counter-parties and does not have any significant concentration of exposures to specific industry sectors.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Company has unutilized credit limits with banks. The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The details regarding the contractual maturities of significant financial liabilities as at March 31, 2020 are as follows:

In JPY million

	Less than 1 year	1 to 5 years	More than 5 years	Total
March 31, 2020				
Trade payables	19,180	–	–	19,180
Other financial liabilities	593	–	–	593
	19,773	–	–	19,773

The details regarding the contractual maturities of significant financial liabilities as at March 31, 2019 are as follows:

In JPY million

	Less than 1 year	1 to 5 years	More than 5 years	Total
March 31, 2019				
Trade payables	23,869	–	–	23,869
Other financial liabilities	389	–	–	389
	24,258	–	–	24,258

The details regarding the contractual maturities of significant financial liabilities as at April 1, 2018 are as follows:

In JPY million

	Less than 1 year	1 to 5 years	More than 5 years	Total
April 1, 2018				
Trade payables	25,146	–	–	25,146
Other financial liabilities	392	–	–	392
	25,539	–	–	25,539

Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

22 Income taxes

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

In JPY million

Particulars	For the year ended March 31,	
	2020	2019
Current taxes	127	88
Deferred taxes	(0)	(12)
Income tax expense	127	75

The details of income tax assets and income tax liabilities as of March 31, 2020 and March 31, 2019 are as follows:

In JPY million

Particulars	As at March 31,	
	2020	2019
Income tax assets		
Current income tax liabilities	39	38
Net current income tax assets/ (liability) at the end	39	38

The gross movement in the current income tax asset/ (liability) for the year ended March 31, 2020 and 31 March 2019 is as follows:

In JPY million

Particulars	As at March 31,	
	2020	2019
Net current income tax assets / (liability) at the beginning	38	26
Income tax paid	(126)	(64)
Current income tax expense	127	75
Net current income tax assets / (liability) at the end	39	38

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

In JPY million

Particulars	As at March 31,	
	2020	2019
Deferred income tax assets		
Property plant and equipment	4	4
Accrued compensation to employees	155	154
Trade receivables		
Total deferred income tax assets (net)	159	158

Deferred tax assets and deferred tax liabilities have been offset wherever the Company has legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

The gross movement in the deferred income tax account for the year ended March 31, 2020 and March 31, 2019 is as follows:

In JPY million

Particulars	As at March 31,	
	2020	2019
Net deferred income tax asset at the beginning	158	146
Credits / (charge) relating to temporary differences	0	12
Net deferred income tax asset at the end	159	158

23 Related party transactions

List of related parties:

Name of holding company	Relationship with related party	Country	% of Holding	
			For the year ended March 31,	
			2020	2019
Infosys Consulting Pte Limited (Infosys Singapore)	Parent entity	Singapore	81%	–
Hitachi Limited (former parent entity)	Shareholder (parent entity)	Japan	15%	100%

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)[24]	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	US
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH[1] (formerly Lodestone Management Consultants GmbH) [1]	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	US
Infosys Chile SpA	Chile
Infosys Arabia Limited[2]	Saudi Arabia
Infosys Consulting Ltda.[1]	Brazil
Infosys CIS LLC[1] [17] [25]	Russia
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)[3]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc[18]	Canada
Infosys BPM Limited	India
Infosys (Czech Republic) Limited s.r.o.[4]	Czech Republic
Infosys Poland Sp z.o.o[4]	Poland
Infosys McCamish Systems LLC [4]	US
Portland Group Pty Ltd[4]	Australia
Infosys BPO Americas LLC.[4]	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc.[5] [11]	US
Infosys Management Consulting Pty Limited[5]	Australia
Infosys Consulting AG[5]	Switzerland
Infosys Consulting GmbH[5]	Germany
Infosys Consulting S.R.L.[1]	Romania
Infosys Consulting SAS[5]	France
Infosys Consulting s.r.o.[5]	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd.(formerly Lodestone Management Consultants Co., Ltd)[5]	China
Infy Consulting Company Ltd[5]	UK
Infy Consulting B.V.[5]	The Netherlands
Infosys Consulting Sp. z.o.o[31]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda.[5]	Portugal
Infosys Consulting S.R.L.[5]	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)[6]	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd.[7]	Israel
Panaya GmbH[7]	Germany
Panaya Japan Co. Ltd[7][30]	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited[8]	UK
Brilliant Basics (MENA) DMCC[8] [25]	UAE
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[9]	UAE

Fellow subsidiaries	Country
Fluido Oy[9] [13]	Finland
Fluido Sweden AB (Extero)[14]	Sweden
Fluido Norway A/S[14]	Norway
Fluido Denmark A/S[14]	Denmark
Fluido Slovakia s.r.o[14]	Slovakia
Fluido Newco AB[14]	Sweden
Infosys Compaz Pte Ltd (formerly Trusted Source Pte. Ltd)[15]	Singapore
Infosys South Africa (Pty) Ltd[9] [16]	South Africa
WongDoody Holding Company Inc. (WongDoody)[10]	US
WDW Communications, Inc[12]	US
WongDoody, Inc[12]	US
Infosys Luxembourg S.a.r.l [1][19]	Luxembourg
Stater N.V.[20]	The Netherlands
Stater Nederland B.V.[21]	The Netherlands
Stater Duitsland B.V.[21]	The Netherlands
Stater XXL B.V.[21]	The Netherlands
HypoCasso B.V.[21]	The Netherlands
Stater Participations B.V.[21]	The Netherlands
Stater Deutschland Verwaltungs-GmbH[22]	Germany
Stater Deutschland GmbH & Co. KG[22]	Germany
Stater Belgium N.V./S.A.[23]	Belgium
Outbox Systems Inc. dba Simplus (US)[26]	US
Simplus North America Inc.[27]	Canada
Simplus ANZ Pty Ltd.[27]	Australia
Simplus Australia Pty Ltd[29]	Australia
Sqware Peg Digital Pty Ltd[29]	Australia
Simplus Philippines, Inc.[27]	Philippines
Simplus Europe, Ltd.[27]	UK
Simplus UK, Ltd.[28]	UK
Simplus Ireland, Ltd.[28]	Ireland

(1) Wholly-owned subsidiary of Infosys Limited
(2) Majority-owned and controlled subsidiary of Infosys Limited
(3) Liquidated effective November 17, 2019
(4) Wholly-owned subsidiary of Infosys BPM Limited
(5) Wholly-owned Subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(6) Majority-owned and controlled Subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Wholly-owned subsidiary of Panaya Inc
(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(9) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(10) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
(11) Liquidated effective May 4, 2018
(12) Wholly-owned subsidiary of WongDoody
(13) On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
(14) Wholly-owned subsidiary of Fluido Oy
(15) On November 16, 2018, Infosys Consulting Pte Ltd, acquired 60% of the voting interest in Infosys Compaz Pte Ltd
(16) Incorporated effective December 19, 2018
(17) Incorporated effective November 29, 2018
(18) Incorporated effective November 27, 2018, wholly owned subsidiary of Infosys Public Services Inc
(19) Incorporated effective August 6, 2018
(20) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V.
(21) Majority-owned and controlled subsidiary of Stater N.V.
(22) Majority-owned and controlled subsidiary of Stater Duitsland B.V.
(23) Majority-owned and controlled subsidiary of Stater Participations B.V.
(24) Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly-owned subsidiary of Infosys Limited
(25) Under liquidation
(26) On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.
(27) Wholly-owned subsidiary of Outbox Systems Inc.
(28) Wholly-owned subsidiary of Simplus Europe, Ltd.
(29) Wholly-owned subsidiary of Simplus ANZ Pty Ltd..

(30) Liquidated effective October 31, 2019

(31) On February 20, 2020, Infosys Poland Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG (formerly Lodestone Holding AG).

The details of amounts due to or from related parties as at March 31, 2020 and March 31, 2019 are as follows:

In JPY million

Particulars	For the year ended March 31,	
	2020	2019
Trade payables		
Payable to Infosys BPM Limited	7	–
Payable to Portland Group Pty Ltd	10	–
Payable to Infosys Limited	22	–
Intercompany Sub-contractors		
Services taken from Infosys BPM Limited	7	–
Services taken from Portland Group Pty Ltd	10	–
Services taken from Infosys Limited	6	–
Intangible asset		
Services taken from Infosys Limited	16	–
Loan		
Loan given to Infosys Consulting Pte Limited (Infosys Singapore)	3,235	–
Interest accrued on Loan given to Infosys Consulting Pte Limited (Infosys Singapore)	5	–
Interest Income		
Interest accrued on Loan given to Infosys Consulting Pte Limited (Infosys Singapore)	5	–

24 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 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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COFFRA

Paris, February 24, 2020

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, 2019.

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, 2019 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, 2019 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 laws 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 documents with respect to the financial position and the financial statements provided to the sole shareholder.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-4 of the French Commercial Code (*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 President.

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. Christoph Schlotthauer	sign. Franz-Josef Töcker
Partner	Partner

2019 Annual Financial Statements

Financial year from 01/01/2019 to 31/12/2019

SAS INFOSYS CONSULTING

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

Report on the performed engagement

Report of the Chartered Accountant

According to our engagement, we perfomed the presentation of the financial statements of the company SAS INFOSYS CONSULTING relating to financial year from 01/01/2019 to 31/12/2019.

The financial statements, composed of the balance sheet, profit and loss stament and notes, are attached to this report and characterised by following financial line items:

	Amount euros
Total Balance Sheet	1 636 567
Turnover	2 887 009
Net result (profit)	**277 288**

We performed our engagement according to the Professional Standard applicable to the engagement of presenting financial statements as outlined by the Ordre des experts-comptables (national Board of French Chartered Accountants).
We have not performed any audit of the presented financial statements.

Done in PARIS
on 17/02/2020

Nicolas HELFRE
Expert-comptable

Balance sheet and Income statement

Balance sheet assets

	Gross	Depreciation Amortisation	Net 31/12/2019	Net 31/12/2018
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	45 809	33 808	12 002	808
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	**45 809**	**33 808**	**12 002**	**808**
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	532 600	1 394	531 206	191 065
Other receivables	27 377		27 377	55 112
Called, subscribed capital, not paid up				
Miscellaneous				
Short- term investments				
Cash	1 065 669		1 065 669	1 011 692
Prepaid expenses (3)	311		311	4 517
TOTAL CIRCULATING ASSETS	**1 625 957**	**1 394**	**1 624 563**	**1 262 386**
Loan issue costs				
Bond redemption premiums				
Translation adjustment (assets)	2		2	1
TOTAL	**1 671 769**	**35 202**	**1 636 567**	**1 263 194**

Balance sheet liabilities

	31/12/2019	31/12/2018
OWNERS' EQUITY		
Share capital	80 000	80 000
Additional paid-in capital, merger premium, share premiums		
Revaluation surplus		
Legal reserve	8 000	8 000
Statutory or contractual reserves		
Regulated reserves		
Other reserves		
Retained earnings	572 773	513 372
PROFIT/ (LOSS) FOR THE PERIOD	**277 288**	**59 402**
Investment grants		
Regulated provisions		
TOTAL EQUITY	**938 061**	**660 773**
OTHER EQUITY		
Income from issues of equitty interests		
Conditional advances		
TOTAL OTHER EQUITY		
PROVISIONS		
Provisions for risks	1 041	47 164
Provisions for charges		
TOTAL CONTINGENT LIABILITIES	**1 041**	**47 164**
LIABILITIES (1)		
Convertible bonds		
Other bonds		
Bank borrowings and other liabilities to banks		
Other borrowings and finanancial liabilities	14 400	37 042
Advances and down- payments received on orders in process		
Trade and related payables	137 618	89 051
Tax and social security payables	545 447	416 399
Debts on capital assets and related payables		
Other payables		12 764
Prepaid income		
TOTAL LIABILITIES	**697 464**	**555 257**
Translation adjustment (liabilities)		
TOTAL	**1 636 567**	**1 263 194**

Income statement - I

	France	Exports	31/12/2019	31/12/2018
Operating income				
Sales of goods				
Products sold (goods)				
Products sold (services)	104 118	2 782 892	2 887 009	2 462 304
Net revenue	**104 118**	**2 782 892**	**2 887 009**	**2 462 304**
Production in inventory				
Capitalised production				
Operating grants				
Reversals of provisions (and amortisation) and transfers of charges			47 164	2 492
Other income			647	7 337
Total operating income			**2 934 820**	**2 472 133**
Operating expenses				
Purchase of goods				
Changes in inventory				
Purchase of raw materials and other supplies				
Changes in inventory				
Other purchases and external charges			561 074	514 713
Taxes and similar charges			-26 573	-10 372
Wages and salaries			1 453 972	1 278 327
Social charges			625 109	533 237
Depreciation expense and allowance for impairement:				
- On non- current assets: depreciation expense			2 104	11 175
- On non- current assets: allowance for impairment				
- On circulating assets: allowance for impairement			1 394	
- Contingent liabilities: provisions			1 041	47 164
Other charges			39 411	38 221
Total operating expenses			**2 657 532**	**2 412 465**
OPERATING PROFIT/ (LOSS) (I-II)			**277 288**	**59 669**
Share of profit/ (loss) on joint operations				
Profit allocated or loss transferred (III)				
Loss sustained or profit transfered				
Investment income				
From equity interests				
From other non- current securities and receivables				
Other interest and similar income				
Reversals of provisions and allowances for impairment and transfers of charges				
Positive foreign exchange differences				
Net gain on disposals of securities				
Total investment income (V)				
Financial expense				
Amortisation expense, allowance for impairement and provisions				
Interest and similar expenses (4)				
Negative foreign exchange differences				
Net loss on disposals of securities				
Total financial expenses (VI)				
FINANCIAL PROFIT/(LOSS) (V-VI)				
PRE- TAX EARNINGS (I-II+III-IV+V-VI)			**277 288**	**59 669**

Income statement - II

	31/12/2019	31/12/2018
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)	**2 934 820**	**2 472 133**
Total expenses (II+IV+VI+VIII+IX+X)	**2 657 532**	**2 412 732**
PROFIT OR (LOSS)	**277 288**	**59 402**

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: SAS INFOSYS CONSULTING

Notes to the balance sheet before allocation of earnings of the financial year ended on 31/12/2019, for a total of 1 636 567 €
and notes to the income statement for the financial year presented in list form, showing a profit of 277 288 €.

The financial year runs for 12 months, from 01/01/2019 to 31/12/2019.

The notes or tables presented below form an integral part of the annual financial statements.

These annual financial statements were approved on 17/02/2020 by the company's directors.

General accounting rules

The annual financial statements of financial year ended on 31/12/2019 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.

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 received a refind of withholding taxes shown in the P/L position taxes and similar charges for- 51 936.32 €. Due to the tax losses from previous years, the company did not book any corporate tax and the tax losses carried forward on 12/31/2019 amount to 2 897 282 €.

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	13 298		45 809
- Recoverable packaging and miscellaneous				
- Property, plant and equipment under construction				
- Advances and down- payments				
Property, plant and equipment	**32 511**	**13 298**		**45 809**
- 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**	**13 298**		**45 809**

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	31 704	2 104		33 808
- Recoverable packaging and miscellaneous				
Property, plant and equipment	**31 704**	**2 104**		**33 808**
CAPITAL ASSETS	**31 704**	**2 104**		**33 808**

Notes to the balance sheet

Current assets

Schedule of receivables

On the closing date, receivables totalled 560 288 €. 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	532 600	532 600	
Other receivables	27 377	27 377	
Prepaid expenses	311	311	
Total	**560 288**	**560 288**	
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	124 941
Other receivables	11 370
Cash	
Total	**136 311**

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		
DIV 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		1 041			1 041
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**	**1 041**	**47 164**		**1 041**
Breakdown of provisions and reversals for the period:					
Operations		1 041	47 164		
Financial					
Exceptional					

Notes to the balance sheet

Debts

Statement of liabilities

On the closing date, liabilities totalled 697 464 €. 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 (*) (**)				
Trade and related payables	137 618	137 618		
Tax and social security related payables	545 447	545 447		
Debts on capital assets and related payables				
Other payables	14 400	14 400		
Deferred income				
Total	**697 464**	**697 464**		
(*) 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	114 531
Tax and social security payables	415 752
Debts on capital assets and related payables	
Other payables	
Total	**530 283**

Notes to the balance sheet

Prepaid expenses, deferred income

Prepaid expenses

	Amount
Operating expenses	311
Financial expenses	
Exceptional expenses	
Total	**311**

Other Information

Total employees

Average workforce : 11 employees.

	On payroll personnel	Temporary personnel
Executives	11	
Lower management and technicians		
Office workers		
Workers		
Total	**11**	

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Stater N.V. (Stater)

CONTENTS

FINANCIAL REPORT

Deloitte Accountants B.V.
For identification purposes only.
Related to auditor's report
dated 15 April 2020

1 MANAGEMENT REPORT

In 2019 75% of the shares in Stater N.V. were sold to Infosys Consulting Pte. Ltd. Stater N.V. is shareholder of Stater Duitsland B.V., Stater Participations B.V., Stater XXL B.V, Stater Nederland B.V. and Hypocasso B.V.

The integration with our new shareholder was started after the sale was completed in November 2019. Stater's new shareholder structure (75% Infosys Consulting Pte. Ltd and 25% ABN AMRO N.V.) gives us many opportunities to implement our strategy and achieve our ambitions. Our strategy is to grow in the Dutch and European mortgage markets by offering more services to our existing clients and by serving new clients. We seek to continue to amaze our clients with high-quality services in all areas of the mortgage process and to offer these services at competitive rates. Be it mortgage services or mortgage-supporting services, we are pleased to unburden our clients. Our challenge is to be even better, even faster and even cheaper. We do this by thinking and acting in consumers' interests and by organizing our processes as efficiently as we can.

Stater Belgium N.V./S.A. achieved 35% growth in turnover in 2019 following a successful implementation project for a major new client in 2018. In the coming years we expect further growth of our services in Belgium. Another focus market for Stater is Germany. Our assessments states the German financial market is about to change substantially. The traditional German Banks face cost challenges, market behavior is changing and the chances of new type of originators entering the market are present. Stater is well positioned to be successful in Germany and preparations for a restart in this interesting market are in full swing. Promising talks are being held about this with prospective clients.

Digitisation in the financial sector is an indispensable development. Consumers and our clients expect more digital processes. In addition, there is the development with regard to data. Faster and wider access to data is important to be and remain successful. Legislative and regulatory developments also play an important role in this respect.

In recent years substantial investments have been made to deliver on our strategy, one of the most important programmes being the digitisation programme. We will continue to work on this in the future. In 2019 the programme led to a number of deliverables, resulting in additional turnover and cost savings. Using current applications, the programme implements software to support the digitisation process.

1.1 Organisational structure

There have been a number of changes in Stater's management in the recent period. In the course of 2019 the Director of Change decided to continue his career outside Stater. Due to an organisational change, it was not necessary to fill this vacancy. In 2020 our COO decided that his future lies outside Stater. In addition, we held talks with Stater's CFRO and CIO and agreed that the mutual ambitions did not coincide. CEO Erwin Dreuning, together with the Supervisory Board and CCO Thera Gerritsen, is using the first period of 2020 to assess whether the top structure is still in line with Stater's ambitions and to appoint new colleagues for the various positions. When they have finished, the management team will be complete again.

As a result of the new shareholder situation, the composition of the Supervisory Board and the number of members have changed. After the share transfer, the Supervisory Board consists of 5 members. Besides an independent chair, 3 members of the Supervisory Board are employed by Infosys Consulting Pte. Ltd and 1 by ABN AMRO NV.

In 2019 an organisational change was implemented as a pilot project in the Netherlands. The underlying idea was to gear internal governance better to developments, internally and externally. It was especially based on the development towards a clearer division of tasks between demand and supply. Stater's organisation in the Netherlands has the following business units during this pilot project:

- Operations: Mid and Back office mortgage process services, including IT Operations.
- Sales & Marketing: Relations Management, Sales, Data Services, Innovation & Digitisation.
- Change: Provider of IT development and changes for all BUs within Stater, including Management and administrative support for Stater's project portfolio.
- Finance & Risk: Legal, Accounting & Finance, SMIS & Reporting, Risk Management and Central Services (HR, Purchasing and Facility Management).

As a department, Corporate Audit Stater has two reporting lines. One to the CEO and the other to the Supervisory Board.

Similar to Hypocasso B.V., the operations of Stater Germany and Stater Belgium constitute separate units responsible for results. The former managing director of Stater Belgium retired in 2019. His successor, Thomas Bardram, started on February 1, 2019.

1.2 Financial developments 2019

Stater achieved a profit for the financial year 2019 of €15.1 million after tax (2018: €10.7 million.). Net profit amounted to 9.1% of turnover (2018: 6.6%). The improvement in the result is partly the consequence of a sharp drop in costs. Worth noting here is the decrease in the hiring of external staff. This is in part the result of achieving the aforementioned savings related to digitisation.

Stater again showed an increase with a net turnover of €166 million (2018: € 163 million which included a one-off € 2,4 million).

Stater's liquidity position is excellent. In 2020 a large part of the excess liquidity of €30 million was lent to Infosys. These funds are withdrawable within 14 days. In addition, solvency is still very good. Group equity is 47% (2018: 61%) of the balance sheet total, which makes Stater very solvent. The decrease is due to the introduction of IFRS 16 in 2019. Excluding this impact, solvency at the end of 2019 would be 55%.

1.3 Investments

Stater annually invests a substantial amount in the development and renewal of its mortgage systems and auxiliary applications. In addition to the aforementioned investments in digitisation, this also concerns investments in the internal organisation. In 2019 a start was made with the Fit for the Future programme for internal staff (see under Staff and remuneration policy). In addition, we have invested in our premises at Podium in Amersfoort to further improve the working environment and we invest annually in education and training of staff.

Deloitte Accountants B.V.
For identification purposes only.
Related to auditor's report
dated 15 April 2020

1.4 Risks

The risk appetite of Stater is linked (probability * impact) with the residual risk. Stater accepts a moderate risk profile and as a result of this only residual operational risks in the category low are accepted. We are convinced that the quality and continuity of our services are extremely important. In our regular held strategic risk assessment, strategic risks are defined. Most prominent are "information security", "Market risk" "Change process" and "Human Resource". On a regular base, these items are discussed in the Risk Committee and plans to mitigate are in place. From a more operational point of view, in addition to our staff, our IT processes and systems are crucial to ensure our quality, which is why we are constantly optimising our systems, processes and internal control. Our focus on (internal) control is reflected in annual ISAE3402 statements, for example.

Stater takes information security extremely seriously. We take a critical look at our own processes and are in constant dialogue with our clients about their needs in this respect. The wishes of the clients are increasing, as are the requirements in the field of laws and regulations. As proof that we want to continue to lead the way in this area, Stater was one of the first financial organisations in the Netherlands to obtain the ISO/ICE 27001 certificate.

Stater also has a Business Continuity Management certificate issued by BSI. BSI is the market leader in the field of auditing, certification and standardisation for companies. Every year Stater practises the fallback of its services, showing that it is in control of its critical business processes, even in the event of calamities. The Crisis Management Team (CMT) also holds annual exercises. Management, together with Senior Managers, form the CMT or deputy CMT.

Stater applies the Three Lines of Defence model in the design and implementation of risk management. This means that all Stater staff have an important role in controlling risks.

The first line (the departments actually dealing with the work and risks) is primarily responsible for all risks within their department. This line is responsible for the implementation of and compliance with policy. The second line (the Risk Management department) is responsible for risk policy. This department's duties include establishing the internal control framework, advising the first line and monitoring the effectiveness of risk management by the first line.

The third line (Corporate Audit) provides an independent opinion on the design and operation of the internal control framework. To assess this, they carry out a large number of Audits each year. The Corporate Audit department also has a coordinating role in relation to the external auditor.

1.5 Financial Instruments

The group's primary financial instruments are used to finance the group's operational activities or ensue directly from these activities. The Group's policy is not to trade in financial instruments. Partly because of this and in view of the size, the interest rate, market and credit risks are marginal.

Stater's bad debt risk is historically very low. Costs of unpaid invoices have only a very limited impact on the result.

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1.6 Staff and remuneration policy

The average number of employed FTEs increased from 901 in 2018 to 927 in 2019. The increase is the result of an increase in Belgium and a decrease in the Netherlands. The average number of external staff fell to 365 FTEs in 2019 (2018: 449 FTEs). Of course, we will continue to focus on the proper internal/external staff ratio. It is crucial for Stater's business model to match our staff complement to the work on offer.
Nevertheless, Stater's policy is to work with internal staff as much as possible. In 2019 the Fit for the Future programme was launched. This programme pays closer attention to the sustainable employability of all our employees on account of developments, such as changes in laws and regulations, consumer behaviour and technological developments, which increase an employer's responsibility for its staff. Our Fit for the Future programme is designed to face up to that extra responsibility. Discussions are held with each Stater employee about developments that affect their job, ambitions and competencies.

Stater has laid down terms of employment arrangements in the collective agreement (CA). This CA applies to all staff in the Netherlands, with the exception of management, whose employment contracts stipulate a number of arrangements that take precedence over the CA. In 2019 the CA scales were increased by 2%. The variable remuneration has not been changed in the CA and amounts to a maximum of 15%. In Belgium salaries have been increased by 2.16% and a 13th month's salary is paid annually. In addition, it is possible to award a bonus to a number of employees during the annual appraisal round. For the entire Belgian company, the bonus amount is capped at €70,000 and an additional one-off profit bonus of €100,000 was included in 2019.

To safeguard continuity of the company, the shareholders gave, under certain conditions, retentions to a limited number of staff. These retentions were agreed by the Dutch Authority of Financial Markets (Autoriteit Financiële Markten, AFM). Stater is subject to the Act on the Remuneration Policy of Financial Undertakings ("Wet beloningsbeleid financiële onderneming). Accordingly, and in addition to the general matters relating to variable remuneration which apply to all employees, the company take into account the following key elements:

- The variable remuneration granted per annum in respect to the company's staff shall not on average exceed 20% of such persons fixed remuneration
- Under certain events no termination payments can be make; and
- Guaranteed variable remuneration is banned

There are no employees who earn more than € 1 million total annual compensation.

1.7 Codes of conduct

As an organisation, we have laid down a number of general principles for our conduct. Based on these principles, Stater has developed a general code of conduct for its employees.
There are codes of conduct for different themes:

- Mutual contact
- Dealing with business infromation resources
- Dealing with your work environment Dealing
- with conflicts of interest and dillemas

Everyone at Stater is expected to know and comply with the guidelines of the Code of Conduct, regardless of rank, position or circumstances.

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1.8 Social aspects of entrepreneurship (CSR)

Stater is aware of and pays attention to its social responsibility. All business decisions seek a balance between a better business return, Stater's footprint and the well-being of staff and society. These are activities that go a step further than what is required by law; out of social involvement and a forward-looking vision. Unfortunately, Matchpoint has ceased its operations as of 1 January 2020. A number of employees of Matchpoint continue with some of Matchpoint's activities and Stater has already agreed to cooperate.

1.9 Outlook 2020

Last year we again saw a stabilization in the number of mortgage loans (Mid Office activities) and a further increase in the average price of housing. We are seeing developments in all areas of mortgages. Both new products and growing competition are important developments, which has consequences for Stater and the entire chain. With its strategy, shareholder and internal organization, Stater is excellently positioned to remain successful in the mortgage market.

Last year's management report announced that a major client was leaving Stater in 2019 as a result of a takeover of one major insurer by another major insurer. This conversion has now been postponed to 2020 at the request of this client. This loss of turnover will be compensated in the future by further growth in both new clients and new services for existing clients.

In 2020 we will continue to tailor our services to the wishes and needs of our clients and continue to invest in order to remain at the forefront of developments in the mortgage market, in terms of digitisation as well as further efficiency improvements. These Research and Developments investments are organized in two departments. Regarding the client's needs and developments the department Innovation and Digitization is responsible. This department is part of the BU Sales and Marketing and the manager reports to the CCO. Regarding internal improvements and developments the BU Operations is responsible. To realize the appropriate developments and remain successfully, Stater has an substantial budget (Capex and Opex)each year. For 2020 our Capex budget is Euro 16.7 million. This is in line with expectations and also in financing the company and staff we don't foresee any major changes from our agreed Multi Year Forecast.

The beginning of 2020 saw a major outbreak of the coronavirus (COVID-19). From March onwards, the consequences in the Netherlands have become so serious that the Dutch government has promulgated an extensive package of measures, which also have a substantial impact on Stater. Although the overall impact is uncertain, Stater keeps monitoring these uncertainties very closesly. The Stater Crisis Management Team (CMT) was convened immediately after the measures were announced in order to take appropriate action and anticipate developments. The CMT meets regulary to ensure the health and safety of the Stater staff on the one hand and to guarantee the services to its clients on the other hand. Stater's CEO is chair of the CMT, the CCO is vice-chair. In addition, Senior Managers from all of Stater's BUs participate in the CMT. Some of the measures announced by the CMT are: Extensive facilitation of working from home, working in "shifts" and maximum use of conference calls and video conferencing. In order to guarantee administrative continuity, the CEO and CCO have agreed to keep simultaneous presence on the Stater premises to a minimum. The CMT is of the opinion that, at the time of compiling this report, the situation at Stater is under control.

Naturally, the coronavirus has a major impact on economic developments worldwide and will have an impact on Stater's turnover and profit development. On the one hand this will be limited because our regular work in the back office brings stability, but the turnover from mid office and change projects of clients will come under pressure depending on the duration of the coronavirus pandemic. On the other hand, thanks to its flexible shell, Stater is able to gear its workforce to the work on offer. In addition, in the event of an economic downturn, Hypocasso's turnover likely will increase. Because of the measures taken, the prudent way of entrepreneurship through the years and the business model of Stater, Stater's continuity is not at risk. Nevertheless, these unpredictable times have a huge impact on people and organizations. There is uncertainty in the world around us, and we have to wait whether additional measures will need to be taken. We will closely monitor the situation and evaluate different scenarios on solvency, liquidity and operations.

Amersfoort, April 15, 2020

E.R. Dreuning CEO

T. Gerritsen CCO

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2 OPERATIONS OF THE COMPANY

Stater is the largest mortgage services provider in the Netherlands. Stater supports nearly 35 percent of all mortgages in the Netherlands with a unique mortgage system. Whether it concerns mortgage services or supporting services, Stater is pleased to take ownership of its customers' worries.

Stater has years of experience providing support throughout the entire mortgaging process. Stater can provide support at every step of the process. Stater works together with banks, insurance companies, investors and brokers. Fitch has awarded our mortgage services the highest rating in Europe.

Mission

Stater wants to surprise its customers with high-quality services for all aspects of the mortgage process. Exceptional customer focus at competitive rates.

Vision

Within just a few years, Stater wants to set the standard for mortgage services.
The challenge is to be even better, even faster and even cheaper. Stater does this by thinking and acting in consumers' best interests and by organising the process as efficiently as possible.

Core values

Stater's aim is to achieve success by contributing towards its customers' success. This is also the basis of the core values that provide direction and show what Stater stands for. Stater wants its customers and employees to experience Stater as customer-driven, result-driven, enterprising, cost-conscious, and collaborative.

History

Stater was established on January 1, 1997 as a subsidiary of Bouwfonds, and it took Stater only 15 years to develop into a market leader. Stater has been operating as an independent company within ABN AMRO Group since 1 January 2001. In May 2019 ABN AMRO Bank N.V. sold 75% of her participating interest to Infosys Consulting Pte Ltd. Alongside its head office in Amersfoort, Stater has its branches in Brussels and Berlin.

CONSOLIDATED ANNUAL ACCOUNTS 2019

1 CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2019
(before appropriation of results)

		2019		2018	
		x €1,000	x €1,000	x €1,000	x €1,000
ASSETS					
Fixed assets					
Intangible fixed assets	(1)	10,638		7,112	
Tangible fixed assets	(2)	27,321		5,990	
Financial fixed assets	(3)	1,624		1,131	
			39,583		14,233
Current assets					
Receivables, prepayments and accrued income	(4)				
Trade receivables		7,584		12,546	
Receivables from other related parties		4,174		6,144	
Taxes and social securities		548		332	
Other receivables		957		1,331	
Prepayments and accrued income		15,714		18,211	
			28,977		38,563
Cash and cash equivalents	(5)		67,354		54,593
			135,914		107,390

STATER MORTGAGE SERVICES | AN INFOSYS COMPANY

		2019		2018	
		x €1,000	x €1,000	x €1,000	x €1,000
LIABILITIES					
Group capital	(6)				
Group equity share of the legal person		61,222		63,132	
Third-party share in group equity		2,402		2,296	
			63,624		65,428
Provisions	(7)		5,632		4,431
Non-current liabilities	(8)		22,689		5,893
Current liabilities	(9)				
Trade creditors		4,224		5,505	
Payables to other related parties		5,117		4,032	
Taxes and social securities		12,366		4,634	
Pension premiums		737		700	
Accruals and deferred income		21,525		16,768	
			43,968		31,639
			135,914		107,390

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2 CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR 2019

		2019		2018	
		x €1,000	x €1,000	x €1,000	x €1,000
Net turnover	(10)		165,594		162,923
Cost of subcontracted work and other external charges	(11)	33,105		41,692	
Wages and salaries	(12)	62,724		62,465	
Social security charges	(13)	18,088		16,916	
Amortisation and depreciation	(14)	8,120		4,815	
Other operating expenses	(15)	22,968		22,337	
Expenses			145,005		148,225
Operating result			20,589		14,698
Financial income and expenses	(16)		-275		13
Result before tax			20,314		14,711
Taxes	(17)		-5,117		-3,913
Result after tax			15,197		10,798
Minority interest	(18)		-106		-86
Result of the legal entity			15,091		10,712

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The previous year's figures, net turnover and other expenses are restated with € 7,053,000 (no impact on result)

3 CONSOLIDATED CASH FLOW STATEMENT 2019

The cash flow statement has been prepared using the indirect method.

	2019		2018	
	x €1,000	x €1,000	x €1,000	x €1,000
Cash flow from operating activities				
Result before tax	20,314		14,711	
Adjustments for:				
Amortisation and depreciation	8,095		4,815	
Movement of provisions	1,201		1,201	
Movement of working capital:				
Movement of non current liabilities	-1,575		4,369	
Movement of accounts receivable	9,586		-8,782	
Movement of short-term liabilities	10,973		261	
Cash flow from business activities		48,594		16,575
Corporate income tax		-3,761		-2,853
Cash flow from operating activities		44,833		13,722
Cash flow from investing activities				
Investments in intangible fixed assets	-6,152		-3,467	
Investments in tangible fixed assets	-6,303		-2,494	
Cash flow from investing activities		-12,454		-5,961
Cash flow from financing activities				
Other receivables (additional funding)	-868		-513	
Other receivables (repayments)	374		395	
Dividend paid	-17,000		-7,250	
Payment of lease liabilities	-2,124		-	
Cash flow from financing activities		-19,618		-7,368
		12,760		393

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	Cash and cash equivalents
	x €1,000
Compilation cash	
Compilation cash at January 1, 2018	54,201
Movement 2018	393
Compilation cash December 31, 2018	54,594
Compilation cash at January 1, 2019	54,594
Movement 2019	12,760
Compilation cash December 31, 2019	67,354

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4 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2019	2018
	x €1,000	x €1,000
Share group result after tax	15,091	10,712
Total result of the legal entity	15,091	10,712

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5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL

The company has prepared the financial statements in accordance with the provisions of Part 9 of Book 2 of the Dutch Civil Code. Furthermore the company has voluntarily adopted IFRS 16 as this is an option under Dutch GAAP. The financial statements were prepared on April 15, 2020. The financial year ran from January 1, 2019 through to December 31, 2019.

All amounts are in thousands and are stated in Euro's.

Activities

The activities of Stater N.V. (CoC file 32073618), with registered offices in Amersfoort, and its group holdings mainly consist of mortgage servicing and change projects for clients.

The consolidated annual accounts of Stater N.V. include the financial data of Stater N.V. and the following group companies:

- Stater Nederland B.V. in Amersfoort: 100% participation (2018: 100%)
- Stater Duitsland B.V. in Amersfoort: 100% participation (2018: 100%)
- Stater Deutschland Verwaltungs-GmbH in Berlin: 100% participation of Stater Duitsland B.V. (2018: 100%)
- Stater Deutschland GmbH & Co KG in Berlin: 100% participation of Stater Duitsland B.V. (2018: 100%)
- Stater Belgium N.V./S.A. in Brussels: 72% participation of Stater Participations B.V. (2018: 72%)
- Stater Participations B.V. in Amersfoort: 100% participation (2018: 100%)
- HypoCasso B.V. in Amersfoort: 100% participation (2018: 100%)
- Stater XXL B.V. in Amersfoort: 100% participation (2018: 100%)

Stater NV had accepted liability in accordance with Section 2:403 of the Dutch Civil Code for the following group companies:

- Stater Nederland B.V. in Amersfoort: 100% participation (2018:100%)
- Stater XXL B.V. in Amersfoort: 100% participation (2018:100%)
- HypoCasso BV in Amersfoort: 100% participation (2018:100%)

Consolidation principles

Financial information relating to group companies and other legal entities controlled by Stater N.V. or where central management is conducted has been consolidated in the annual accounts of Stater N.V. The consolidated financial statements have been prepared in accordance with the accounting principles of Stater N.V.

The financial information relating to Stater N.V. is presented in the consolidated financial statements. Accordingly, in accordance with article 2:402 of the Dutch Civil Code, the company-only financial statements only contain an abridged profit and loss account.

Financial information relating to the group companies and the other legal entities and companies included in the consolidation is fully included in the consolidated financial statements, eliminating the intercompany relationships and transactions. Third-party shares in equity and results of group companies are separately disclosed in the consolidated financial statements.

Financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences (the acquisition date) until the date that control ceases. At acquisition date the assets, provisions and liabilities are measured at fair values. Goodwill paid is capitalised, to which amortisation is charged based on the estimated useful life. The results of participating interests sold during the year are recognised until the moment of disposal.

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE CONSOLIDATED ANNUAL ACCOUNTS

Valuation of assets and liabilities and determination of the result take place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at nominal value.

Income and expenses are accounted for on an accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Revenues from services are recognised in proportion to the services rendered. The cost price of these services is allocated to the same period.

Comparison with previous year

The valuation principles and method of determining the result are the same as those used in the previous year, with the exception of the changes in accounting policies as set out in the relevant sections.

For a better understanding the VAT refund of the Dutch entities is netted with the VAT expenses. The previous year figures are restated.

Assumption of going concern

The assumption of continuity was applied during the preparation of the financial statements.

Change in accounting policies

IFRS 16, leases

As at January 1, 2019, Stater adopted IFRS 16 Leases. Stater transitioned to ifrs 16 in accordance with the modified retrospectieve approach, and therefore the comparitive figures have not been restated, as permitted by the transitional provisions of the standard.

Stater does not act as lessor and has not entered into a sales and leaseback transaction

Lessee acounting

For Lessee accounting IFRS 16 removes the destinction between 'operating' and 'finance lease' and the leases are recognised on the balance sheet as right of use (ROU) asset and lease liability.As a lessee Stater enters into various lease contracts, mainly for office builidngs and cars which Stater leases for its own use. When accounting for the contracts as a lessee, Stater separares non-lease components from lease components. Upon initial recognition, the lease liability is measured by discounting all future leasepayment at the incremental borrowing rate. This rate reflects the rate of interest Stater would have to pay to borrow over a similar term, and with similar secury, the funds necessary to abtain an asset of a value similar to that of the ROU asset in a similar economic environment. The weighted avearge incremental borrowing rate recognized in the Financial Statements as per January 1, 2019 is 1,16%. Upon transition, the remaing lease term is used in applying the incremental borrowing rate. The ROU asset is initially measured at cost, which reflects the initial lease liability, adjusted for received incentives. The initial lease liability is equal to the sum of the fixed lease payments, discounted by the incremental borrowing rate.

The ROU asset is depreciated over the period of the lease, using the straight-line method. The lease liabilty is increased to reflect the amount of interest on the lease liability and decreased for the lease payments made.

Adjustments to the lease liability may result from remeasurement and/or modification. Remeasurements occurs when there is a change in the lease term or discount rate, or when Stater changes its assessment regarding purchases, extension or termination options. Remeasurement result in adjustment of the ROU asset. When the ROU asset has been depreciated to zero, it is recorded in the income statement.

A lease modification is a change in the scope of the lease, or the consideration of a part of a lease that was not part in the original terms and conditions of the lease. A lease modifications result in either a separate additional lease or a change in the accounting for the existing lease. In the case of a lease modification not resulting in an additional lease, the lease liability is remeasured by adjusting the carrying amount of the ROU asset, and to reflect the partial or full termination of the lease, recognising any gain or loss in profit and loss.

Expenses related to short-term leases with a term of less than 12 month and leases of low-value are recognized in the profit and loss account, as permitted by the standard. ROU assets are included in tangible fixed assets, while the lease liabilities are included in non-current liabilities. Depreciation is presented in the line item for amortisation and depreciation and interest expenses is included in the line financial income and expenses.

Stater did not choose the apply this Standard to a portfolio of leases and did not combine two or more contracts with the same counterparty.

Impact of transition to IFRS

As permitted by the standard, Stater uses the following practical expedients upon transition:

- Calculation of the ROU assets at the data of initial application at an amount equal to the lease liability, adjusted for incentives
- Excluding leases ending within 12 months at initial application
- Use of hindsight in determing the lease term if contractual option to extend or terminate the lease exists

Upon transition to IFRS 16, right-of-use assets of € 20.5 million and lease liabilities of € 24.5 million were recognized as at January 1, 2019. There is no impact on equity as Stater chose to apply the practical expedient that allows it to measure the ROU asset at an amount equal to the lease liability, adjusted for incentives. The difference between the ROU and lease liabilities is due to the reclassification of the lease incentive benefits in reduction to the right of use assets.

The following reconciliation to the opening balance for the lease liabiities as at 1 January 1, 2019 is based upon the off balance liabilities as at December 31, 2018.

		*€ 1,000
Off balance liabilities December 31, 2018		38,558
Non-Operational/Financial leases		-6,733
Operational/Financial Lease		31,825
Short team leases and leases of low-value assets		-245
Gross lease liabilities at January 1, 2019		**31,580**
Effect of discounting the above amounts		-3,965
Effect of extension options		-3,099
Lease liability recognised at January 1, 2019		**24,516**
Incentives		-4,019
Right or Use asset recognised at January 1, 2019		**20,497**

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Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Dutch Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

Leasing

Operational leasing

The company may have lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of nor incurred by the company. The lease contracts with lifetime < 12 months are recognised as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the profit and loss account for the duration of the contract.

Because of adoption of IFRS 16 as from January 1, 2019 leasecontracts > 12 months are recognized as right of use assets and as lease liabilities.

Translation of foreign currency

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing as at balance sheet date.

Transactions in foreign currency during the financial year are recognised in the financial statements at the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as at balance sheet dat are recorded in the profit and loss account.

PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

General

The financial statements have been prepared on the basis of historical cost unless otherwise stated, assets and liabilities are valued at nominal value. Gains are attributed to the period in which they are realised Losses are recognised in the year in which they are foreseeable.

Intangible fixed assets

Intangible fixed assets are presented at cost less accumulated amortisation and, if applicable, less impairments in value. Amortisation is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet. The useful life and the amortisation method are reassessed at the end of each financial year.

An intangible fixed asset is recognised on the balance sheet if:
- the future economic benefits contained in the asset are likely to accrue to the company; and
- the cost of the asset can be established reliably.

Expenses relating to an intangible fixed asset that does not meet the conditions for capitalisation are recognised directly in the profit and loss account.

A statutory reserve is created for the part of the cost of internally developed software that has not yet been amortised.

Tangible fixed assets

Tangible fixed assets are presented at acquisition price less cumulative depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use.

Financial fixed assets

Participating interests where significant influence is exercised over the business and financial policy are valued according to the equity method on the basis of the net asset value. Participating interests without such influence, are valued at the acquisition price, taking into account a provision for value decreases.

Participating interests with negative net capital value are valued at zero. If the company fully or partly guarantees the liabilities of the participation concerned, or is effectively obliged to enable the participation to pay its (share of) liabilities, a provision is formed. Provisions for doubtful debts which are already deducted from receivables from the participation are taken into account when determining the amount for the provision.
Upon initial recognition the receivables on and loans to participations and other receivables are valued at fair value and then valued at amortised cost, which equals the face value, after deduction of any provisions.

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On each balance sheet date, the company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realisable value of the asset is determined. If it is not possible to determine the realisable value of the individual asset, the realisable value of the cash-generating unit to which the asset belongs is determined.

An impairment occurs when the carrying amount of an asset is higher than the realisable value; the realisable value is the higher of the realisable value and the value in use. An impairment loss is directly recognised in the profit and loss account while the carrying amount of the asset concerned is concurrently reduced.

If it is established that an impairment that was recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported.

Receivables and deferred assets

Upon initial recognition the receivables on and loans to participations and other receivables are valued at fair value and then valued at amortised cost, which equals the face value, after deduction of any provisions. The fair value and amortised cost equal the face value. Any provisions for the risk of doubtful debts are deducted. These provisions are determined based on individual assessment of the receivables.

Cash and cash equivalents

The cash is valued at face value. If cash equivalents are not freely disposable, then this has been taken into account in the valuation.

Third-party share in group equity

The share of third parties in the group equity concerns the minority interest of third parties in the shareholders' equity of consolidated companies. In the profit and loss account the share of third parties in the result of consolidated companies is deducted from the group result.

Provisions

A provision is recognised when the company has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are valued at nominal value.

Termination schemes

This concerns obligations on account of termination of employees' employment contracts prior to the normal pension date. Termination benefits are recognized if it demonstrably concerns an obligation to terminate employment contracts with employees. Remunerations are recorded at nominal value. The liability is recorded as such and disclosed under the provisions.

Bonus schemes

A liability is recorded for bonus plans based on relevant performance plans. The obligation is recorded as such under the short-term debt.

Deferred tax liability

This tax provision concerns the temporary differences between the valuation in the annual accounts and the tax valuation of assets and liabilities. The provision is calculated based on the applicable tax rates.

Other provisions

Claim provision

The provision for claims is recorded on behalf of the estimated costs expected to arise from the claims received.

Restructuring Stater Deutschland GmbH &Co KG

A restructuring provision is created if a detailed restructuring plan has been formalised by the balance sheet date, and employees who will be affected by the restructuring have the justified expectation, by the date of preparation of the financial statements, that the plan will indeed be implemented. A justified expectation exists if work on the restructuring has started or if the outlines of the restructuring have been communicated to those who will be affected by it.

The restructuring provision will include the costs to be incurred as a result of the restructuring and which instead of that are not related to the company's ongoing operations.

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Other long-term employee benefits

Other long-term employee benefits are those benefits that are part of the remuneration package, such as long-term remunerations for anniversaries, temporary leave, etc. The rights to these benefits are built through time. The obligation recorded is the best estimate of the amounts required to settle the related obligations as at balance sheet date.

Provision for part of early retirement
Stater's collective labour agreement stipulates that employees aged 58 and over can, on certain conditions, opt to reduce their working week to an average of 32 hours (80%), while preserving 90% of their pay. Pension accrual and pension premium payment remain unchanged. The provision is calculated based on a chance of employees staying with the company and an annual pay increase. The provision is calculated at present value, while also factoring in survival probability (Prognosetafel [Life Table] AG 2018) and the probability of employees using this scheme.

Provision for long-service awards
The collective labour agreement for Stater includes bonuses paid on the occasions of several service anniversaries and termination of employment on account of full incapacity or reaching state pension age. The provision is calculated based on a chance of employees staying with the company and an annual pay increase. The provision is calculated at present value, while also factoring in survival probability (Prognosetafel [Life Table] AG 2018).

Long-term liabilities

On initial recognition long-term debts are recognised at fair value. Transaction costs which can be directly attributed to the acquisition of the long-term debts are included in the initial recognition. After initial recognition long-term debts are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs.

The difference between stated book value and the mature redemption value is accounted for as interest cost in the profit and loss account on the basis of the effective interest rate during the estimated term of the long-term debts.

Financial liabilities

Upon initial recognition, financial liabilities are recognised at fair value, less directly attributable transaction costs.

After initial recognition, financial liabilities are measured at amortised cost as per the effective interest method. Profit or loss is recognised in the profit and loss account as soon as the liabilities are no longer recognised on the balance sheet, as well as through the amortisation process.

Derecognition of financial assets and liabilities

A financial instrument is derecognised following a transaction whereby all or practically all rights to economic benefits and all or practically all risks with regard to the position have been transferred to a third party.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price.
When there are no premiums, discounts or transaction costs, the amortised cost is equal to the nominal value.

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PRINCIPLES FOR THE DETERMINATION OF THE RESULT

General

The result is defined as the difference between the revenue from goods delivered and services performed on one hand and, on the other hand, the costs and expenses for that year, valued at historical costs.

Net turnover

The net turnover consists of revenue from the sale of goods during the reporting period after deducting discounts, rebates and value added taxes.
The income for services is included proportionaly to the level in which the services were performed based on the costs for the service up to the balance sheet date in relation to the estimated costs for all services to be provided. The costs for these services are accounted for in the same period.

Employee expenses

Staff remuneration is included as an expense in the profit and loss account for the period during which the work is carried out and, insofar as not yet paid out, included in the balance sheet as a liability. When amounts already paid out exceed the remuneration owed, the excess is included as accrued income insofar as it will concern repayment by staff or a set-off against future payments by the company.

For remuneration involving accrual of entitlements, sabbatical leave, and variable remuneration, the anticipated expenses are factored in during the employment. An anticipated allowance as a result of variable remuneration is recognised if the obligation to pay that allowance arose on or before the balance sheet date and the liabilities can be estimated reliably.
Contributions received as part of life-course savings schemes are taken into consideration in the period for which these contributions are payable. Additions to and the release of liabilities are debited and credited to the profit and loss account.

If remuneration is paid that does not include accrual of entitlements (such as continued payment during sickness absence or a period of incapacity), the anticipated expenses are recognised in the period for which the remuneration is payable. A provision is created to cover obligations that exist on the balance sheet date to continue to pay remuneration to employees who, on the balance sheet date, are expected to permanently be fully or partially unable to perform work due to sickness or incapacity.

The liability recognised is the best estimate of the amounts needed to settle such payment obligations on the balance sheet date. The best estimate is based on contractual agreements with employees (collective labour agreement and individual employment contract). Additions to and the release of liabilities are debited and credited to the profit and loss account.

Amortisation and depreciation

The depreciation of the intangible fixed assets is calculated using fixed percentages of the purchase price or the costs of internally developed software.

The depreciation on tangible fixed assets is calculated by using a fixed rate on the acquisition cost based on the expected life cycle. Gains and losses from the occasional sale of property, plant or equipment are included in depreciation.

Dutch pension plans

The basic principle is that the pension expense to be recognised for the reporting period is equal to the pension contributions payable to the pension fund for that period. Insofar as the payable contributions have not yet been paid on the balance sheet date, a liability is recognised. When the contributions paid as at the balance sheet date exceed the contributions due, an accrued asset item will be included insofar as it will concern repayment by the fund or a set-off against future contributions due.

Financial income and expenses

Financial income and expenses comprise interest income and expenses for loans (issued and received) during the current reporting period.

This also includes interest expenses for rent and lease liabilities, which are recognised on the balance sheet as required by IFRS 16.

Share in result of participating interests

Where significant influence is exercised over participations, the group's share in the participations' results is included in the consolidated profit and loss account. This result is determined on the basis of the accounting principles applied by Stater N.V.

Taxes

Taxes comprise taxes owed for the reporting period and deductible income tax and deferred tax. Taxes are recognised in the profit and loss account, except insofar as they relate to items that are recognised in equity directly, in which case the tax is recognised in the equity.

Tax owed and deductible for the financial year is tax expected to be payable for taxable profit in the financial year, calculated on the basis of tax rates as at the reporting date or with regard to which a substantive decision has been made on the reporting date, and possible correction of taxes owed for previous years. If the carrying amounts of assets and liabilities for the financial reporting deviate from their fiscal carrying amounts, it concerns temporary differences.

A deferred tax liabilities provision is created for taxable temporary differences.
For deductible temporary differences, available loss carried forward and as yet unused fiscal netting possibilities, a deferred tax asset is recognised, but only insofar as it is likely that fiscal profits will be available in the future for set-off or compensation. Deferred tax assets are revised at every reporting date and decreased insofar as it is no longer likely that the tax advantage in relation to this will be realised.

A deferred tax liability is recognised for taxable temporary differences relating to group companies, foreign non-independent units, participating interests and joint ventures, unless the company is able to determine the termination date of the temporary difference and it is likely that the temporary difference will not end in the foreseeable future. A deferred tax asset is recognised for deductible temporary differences relating to group companies, foreign non-independent units, participating interests and joint ventures, albeit only to the extent that it is likely that the temporary difference will end in the foreseeable future and there will be taxable profit available to compensate the temporary difference.

The valuation of deferred tax liabilities and deferred tax assets is based on the fiscal consequences of the way in which the company, as at the balance sheet date, intends to realise or settle its assets, provisions, debts and accrued liabilities. Deferred tax assets and liabilities are measured at nominal value.

The allocation of corporate income tax to the partnerships included in the fiscal entity is realised as if the participating interests are independently taxable.

PRINCIPLES FOR PREPARATION OF THE CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method.

NOTES TO THE CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2019

ASSETS

1. Intangible fixed assets

	Internally develope d	Purchased software	Total
	x €1,000	x €1,000	x €1,000
Carrying amount as of January 1, 2019			
Purchase price	73,446	20,469	93,914
Cumulative amortization and impairment	-71,025	-15,778	-86,802
	2,421	4,691	7,112
Movement			
Investments	4,415	1,737	6,152
Disposals	0	-261	-261
Depreciation disposal	0	261	261
Amortization	-1,127	-1,501	-2,627
Reclassification correction	757	-757	0
	4,045	-521	3,525
Carrying amount as of December 31, 2019			
Purchase price	77,861	21,945	99,806
Cumulative amortization and impairment	-71,393	-17,774	-89,168
	6,467	4,171	10,638

The reclassification correction concerns a misstatement correction of the previous year and is not considered material. Therefore it have been corrected in the current year figures.

Amortisation rates

	%
Internally developed software	14
Purchased software	20-33.33

The internally developed software concerns the core systems used by Stater for the mortage services. Included in the internally developed software are assets amounting to € 69,882,000 that have been fully written down but are still in use. The purchased software includes assets amounting to € 12,369,000 that have been fully written down but are still in use.

There are no investment commitments in respect of intangible fixed assets (2018: € 176,000).

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2. Tangible fixed assets

	Leasehold improve - ments	Hardware	Equipment	Right of use assets	Total
	x €1,000	x €1,000	x €1,000	x €1,000	x €1,000
Carrying amount as of January 1, 2019					
	0	0	0	20,497	20,497
Purchase price	4,045	15,702	6,019	0	25,766
Cumulative depreciation and impairment	-3,771	-10,783	-5,222	0	-19,775
	274	4,919	798	20,497	26,487
Movement					
Investments	595	3,617	407	1,683	6,303
Depreciation disposal	0	-2,127	-799	0	-2,926
Cumulative depreciation and impairment	0	2,127	799	0	2,926
Depreciation	-54	-1,961	-300	-3,154	-5,468
	541	1,657	106	-1,470	834
Carrying amount as of December 31, 2019					
	0	0	0	20,497	20,497
Purchase price	4,640	17,192	5,627	1,683	29,142
Cumulative depreciation and impairment	-3,825	-10,616	-4,723	-3,154	-22,318
Carrying amount as of December 31, 2019	815	6,575	904	19,026	27,321

The right of use assets include Stater's leased premises in Amersfoort and Brussels amounting to € 18,046, 000, as well as the lease cars amounting to € 980,000.

With effect from April 1, 2018, for the building in Amersfoort lease has been renewed for 10 years with an option to renew for 2 consecutive periods of 5 years, i.e. until March 31, 2038 at the latest. These renewal options have not been included in the IFRS 16 calculation. The lease for the premises in Brussels was entered into on December 1, 2016 and ends by operation of law on November 30, 2025. Taking into account a notice period of 6 months, notice can be given upon the expiry of the first six-year period and this has been included in the IFRS 16 calculation.

There are no variable lease payments present in the lease contracts.
The cash outflow amounts to € 2,124,000.

Depreciation rates

	%
Leasehold improvements	10
Hardware	20-33.33
Equipmen	20
t	10-25

The investment commitments in respect of tangible fixed assets are € 771,000 (2018: € 29,000).

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3. Financial fixed assets

	12/31/2019	12/31/2018
	x €1,000	x €1,000
Other receivables		
Other receivables	1,624	1,130

Financial fixed assets relate to a loan granted to the leasing company. The interest rate is 1.8%. The loan was granted for the purchase of lease cars for Stater N.V. Repayments on the loan are equal to the depreciation of the lease cars. By way of security, a pledge has been granted on all passenger cars and light commercial vehicles made available to Stater N.V. by the leasing company for the benefit of employees of Stater N.V.

	2019	2018
	x €1,000	x €1,000
Other receivables		
Carrying amount as of January 1	1,130	1,012
Loans granted	868	513
Repayments	-374	-395
Carrying amount as of December 31	1,624	1,130

CURRENT ASSETS

4. Receivables, prepayments and accrued income

	12/31/2019	12/31/2018
	x €1,000	x €1,000
Trade receivables		
Debtors	7,648	12,596
Doubtful debtor provision	-64	-50
	7,584	12,546

	2019	2018
	x €1,000	x €1,000
Doubtful debtor provision		
Carrying amount as of January 1	50	22
Allocation	46	32
Withdrawal	-32	-4
Carrying amount as of December 31	64	50

	12/31/2019	12/31/2018
	x €1,000	x €1,000
Taxes and social securities		
Corporate income tax	72	252
VAT	476	80
	548	332
Other receivables		
Volume discount suppliers	517	1,178
Grants	440	153
	957	1,331
Prepayments and accrued income		
Turnover to be invoiced	11,286	13,898
Interest	7	4
Prepaid costs	4,421	4,309
	15,714	18,211

5. Cash and cash equivalents

Bank	67,354	54,594

An amount of € 350,000 (2018: € 350,000) is not freely disposable.

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EQUITY AND LIABILITIES

6. Group capital

Group equity share of the legal person

Please refer to the notes to the company balance sheet on page 60 of this report for an explanation of the equity.

	2019	2018
	x €1,000	x €1,000
Third-party share in group equity		
Carrying amount as of January 1	2,296	2,210
Minority interest	106	86
Carrying amount as of December 31	2,402	2,296

	12/31/2019	12/31/2018
	x €1,000	x €1,000
7. Provisions		
Termination schemes	221	321
Deferred tax liability	506	0
Other provisions	4,905	4,110
	5,632	4,431

The provisions have a predominantly long-term character.

Termination schemes

	2019	2018
	x €1,000	x €1,000
Provision early retirement Stater Belgium N.V./S.A.		
Carrying amount as of January 1	321	485
Withdrawal	-100	-164
Carrying amount as of December 31	221	321

Deferred tax liability

This provision concerns the temporary differences between the valuation in the annual accounts and the tax valuation of assets and liabilities. The provision is calculated based on the applicable tax rate.

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	2019	2018
	x €1,000	x €1,000
Carrying amount as of January 1	0	38
Allocation	507	0
Withdrawal	0	-38
	507	0

The increase of the deferred tax liability is a result of the investments in internally developed software. For tax purposes these investments are operating expenses.

	12/31/2019	12/31/2018
	x €1,000	x €1,000
Other provisions		
Claim provision	1,612	1,446
Restructuring Stater Deutschland GmbH &Co KG	0	138
Other long-term employee benefits	3,293	2,526
	4,905	4,110

	Claim provision	Restructuring Stater Deutschland GmbH &Co KG	Total
	x €1,000	x €1,000	x €1,000
Carrying amount as of January 1, 2019	1,446	138	1,584
Allocation	451	0	451
Withdrawal	-125	-103	-228
Reversal	-160	-35	-195
Carrying amount as of December 31, 2019	1,612	0	1,612

	Other long-term employee benefits
	x €1,000
Carrying amount as of January 1, 2019	2,526
Allocation	1,115
Withdrawal	-348
	3,293

	12/31/2019	12/31/2018
	x €1,000	x €1,000

8. Non-current liabilities

Advanced payment received on orders	1,761	4,404
Lease liabilities	20,928	0
Accruals and deferred income	0	1,489
	22,689	5,893

The lease liabilities are a result of the first time adoption of IFRS 16.

Advanced payment received on orders

Amounts received for acquired staff are recognised here. These amounts are attributed to the first 5 years of these employees' employment.

Lease liabilities

The lease liabilities include the present value of lease payments not paid at December 31, 2019. The incremental borrowing rate is used as discount rate. The current portion of the lease debts is presented as current liabilities.

Debt longer than 5 years: € 8,658,000.

The table below provides details regarding the contractual maturities of lease liabilities as of December 31, 2019 on an undiscounted basis:

	(x € 1,000)
Particulars	**Amount**
Less than one year	3,774
One to five years	13,286
More than five years	9,326
Total	**26,386**

Accruals and deferred income

From April 1, 2018, investment contributions received from the lessor that are credited to the profit during the lease term are included here. As a result of implementation of IFRS 16 as of January 1, 2019, this item has been factored into the calculation of net present values.

9. Current liabilities

	12/31/2019	12/31/2018
	x €1,000	x €1,000
Taxes and social securities		
Corporate income tax	2,794	0
VAT	5,920	1,363
Pay-roll tax	3,652	3,271
	12,366	4,634

Until May 23, 2019, Stater N.V. was included in the fiscal entity for corporate income tax purposes with ABN AMRO Bank N.V. The corporate income tax payable up to and including that period is recognised as a liability to related parties.

	12/31/2019	12/31/2018
	x €1,000	x €1,000
Accruals and deferred income		
Holiday bonus	1,497	1,125
Holiday accruals	2,128	2,537
Investment obligations	0	88
Variable pay	2,854	2,919
Prepaid amount	3,332	2,273
Accruals other costs	5,844	4,478
Accruals external staff	3,114	3,348
Lease liabilities	2,756	0
	21,525	16,768

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CONTINGENT LIABILITIES

Contingent liabilities

Tax entity

The company constitutes a tax entity for corporate income tax and VAT with Stater N.V. and other group companies; consequently the company is severally liable for the resulting debts.

Claims

Various claims have been filed against the company and/or group companies, which are disputed by the company and/or group companies. Although the outcome of these disputes cannot be predicted with certainty, it is assumed, partly on the basis of legal advice obtained, that these will not have a significant adverse effect on the consolidated financial position.

Long-term financial obligations

Company cars

	12/31/2019	12/31/2018
	x €1,000	x €1,000
Less than one year	164	859
One to five years	226	902
More than five years	0	4
	390	1,765

Servers

	12/31/2019	12/31/2018
	x €1,000	x €1,000
Less than one year	70	70
Transport	70	70

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	12/31/2019	12/31/2018
	x €1,000	x €1,000
Transport	70	70
One to five years	287	294
	357	364

Rental commitments buildings

	12/31/2019	12/31/2018
	x €1,000	x €1,000
Less than one year	0	1,815
One to five years	0	15,170
More than five years	0	13,045
	0	30,031

Other long-term financial obligations

	12/31/2019	12/31/2018
	x €1,000	x €1,000
Less than one year	2,244	1,807
One to five years	4,594	4,551
	6,838	6,358

Tax claim

Since 1998, there has been a difference of opinion between Stater and the Dutch tax authorities about Stater's liability for VAT in respect of mortgage payment transactions and ancillary services. As no agreement could be reached, it was decided, in consultation with the Dutch tax authorities, to submit the dispute to the competent court. The parties have litigated up to the Dutch Supreme Court. On October 11, 2013, the Supreme Court ruled in its judgment on appeal that the services of Stater are liable for VAT. No further legal remedies are available against this judgment.

In Belgium, legal proceedings are still pending in relation to the VAT issue. In 2015, the court of first instance ruled that the services of Stater are liable for VAT. Stater appealed this judgment in Belgium. In the Belgian proceedings, Stater aims to have the preliminary questions submitted before the European Court of Justice. It may be the case that through the preliminary questions, the VAT exemption for payment transactions will be deemed to apply to the services provided by Stater Belgium. However, it remains to be seen whether such a judgment would also have consequences for Stater in the Netherlands. We expect these proceedings will take years to complete.

In connection with the proceedings in Belgium and the potential resulting judgment of the European Court of Justice, Stater has concluded a tax ruling with the tax authorities in order to safeguard the rights of Stater's customers as much as possible.

Financial instruments

General

Details provided in this note are intended to facilitate estimation of the scope of risks involved in financial instruments, both financial instruments recognised on the balance sheet and off-balance sheet financial instruments.

The group's financial instruments are used to finance the group's operational activities or ensue directly from these activities.

Generally, the risks involved in financial instruments are credit risk, currency risk, liquidity risk, cash flow risk, and price risk consisting of interest and market risk. The group's risk mitigation policy is as follows:

Foreign currency risk

Transactions in foreign currencies are very limited in size and occur incidentally as part of procurement activities. Payments in foreign currencies are converted to the functional currency at the exchange rate on the date of payment.

Interest rate risk

The group does not have any long-term loans and is therefore not exposed to interest risk.

Market risk

Stater does not engage in financial instrument trading. The management estimates market risk to be very limited for Stater.

Credit risk

The group predominantly does business with high-net-worth customers and has defined credit rating procedures. The group has furthermore articulated guidelines to limit the credit risk it is exposed to with each party. Aside from that, the group continuously monitors its receivables and has a strict reminder procedure in place. The above measures have reduced the credit risk for the group to a minimum. The number of write-offs is very low. Management estimates the credit risk on these parties to be low.

Liquidity risk and cash flow risk

The group has a healthy cash position and is able to finance current investments from operating cash flow.

Fair value

A separate calculation with the fair values has not been included, because most of the assets and liabilities are current, and for the ones that are non current the fair value does not differ substantially.

7 NOTES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR 2019

10. Net turnover

	2019	2018
	x €1,000	x €1,000
Business segments		
Mortgage processing	128,200	121,115
Project	22,642	29,095
s Other	14,752	12,713
	165,594	162,923

For a better understanding the VAT refund of the Dutch entities is netted with the VAT expenses. The previous year figures of other are adjusted with € 7,053,000.

Geographical segments		
Netherlands	140,829	143,654
Belgium	24,351	17,957
Germany	414	1,312
	165,594	162,923

Extraordinary forms of economic activity where it is uncertain as to whether they can be attributed to net sales are not recognised under net sales.

11. Cost of subcontracted work and other external charges

Total cost of subcontracted work	33,105	41,692

Employee expenses

12. *Wages and salaries*

Salaries and wages	57,416	56,252
Other	5,308	6,213
	62,724	62,465

A decline in other costs ismainly (€ 587,000) a result of the first time adoption of IFRS 16.

13. *Social security charges*

Social securities	10,416	9,731
Pension costs	7,672	7,185
	18,088	16,916

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Emoluments of directors and supervisory directors

The emoluments (including pension obligations) which were charged in 2019 amount to € 1,387,000 (2018: €1,516,000) for (former) directors and € 13,000 (2018: €30,000) for supervisory directors.

Staff

At the company during 2019, on average FTE 927 employees were employed (2018: 901).

	2019	2018
The breakdown is as folows:		
Netherlands	748	761
Abroad	179	140
	927	901

	2019	2018
	x €1,000	x €1,000
14. Amortisation and depreciation		
Intangible fixed assets	2,627	2,632
Tangible fixed assets	5,468	2,183
Book result	25	0
	8,120	4,815

Depreciation of tangible fixed assets has mainly (€ 3,154,000) increased due to the first time adoption of IFRS 16.

15. Other operating expenses

Housing	2,333	5,011
Office expenses	4,983	4,241
IT costs	8,163	5,797
VAT (non-refundable portion)	142	256
Marketing & Communication	242	160
Third party costs	5,887	5,249
Other operating costs	1,218	1,623
	22,968	22,337

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Housing costs have mainly decreased due to first time adoption of IFRS 16.

For a better understanding the VAT refund of the Dutch entities is netted with the VAT expenses. The previous year figures of VAT (non-refundable portion) are adjusted with € 7,053,000.

Fees audit firm:

2019

	Auditors	Other network	Total network
	x € 1,000	x € 1,000	x € 1,000
Audit of the financial statements	99	22	121
Other audit engagements	240	90	330
Tax advisory services	-	-	-
Other non-audit services	-	4	4

2018

	Auditors	Other network	Total network
	x € 1,000	x € 1,000	x € 1,000
Audit of the financial statements	93	15	108
Other audit engagements	275	93	368
Tax advisory services	-	-	-
Other non-audit services	-	-	-

	2019	2018
	x €1,000	x €1,000
16. Financial income and expenses		
Interest and similar income	24	8,206
Interest and similar expenses	-300	-8,192
	-276	14

Interest expenses 2019 are related to IFRS 16.

17. Taxes

	2019	2018
Corporate income tax	4,017	3,757
Transport	4,017	3,757

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	2019	2018
	x €1,000	x €1,000
Transport	4,017	3,757
Corporate income tax prior periods	152	13
Movement of deferred tax assets	561	-127
Movement of deferred tax liabilities	0	-38
Corporate income taxes in foreign jurisdictions	387	308
	5,117	3,913

Reconciliation of the effective tax rate and the applicable tax rate for the consolidated financial statements is as follows:

	2019	2018
	%	%
Applicable rate	25.00	25.00
Deferred tax	-1.72	0.13
Tax on non-deductible amounts	0.98	1.19
Prior years	0.75	0.09
Rate differences	0.18	0.19
Effective tax rate	25.19	26.60

	2019	2018
	x €1,000	x €1,000
18. Minority interest		
Minority interests Stater Belgium N.V./S.A.	-106	-86

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Transactions with related parties

The group has entered into the following transactions with related parties:

	2019 Receivables x € 1,000	2019 Payables x € 1,000	2018 Receivables x € 1,000	2018 Payables x € 1,000
Related parties				
Infosys Limited	0	3,660	0	0
Infosys BPM Limited	0	202	0	0
Brilliant Basics Limited	0	27	0	0
ABN AMRO Hypotheken Groep B.V.	4,174	0	6,144	0
ABN AMRO Bank N.V.	0	1,228	0	4,032
	4,174	5,117	6,144	4,032

	2019 Revenues x € 1,000	2019 Costs x €	2018 Revenues x € 1,000	2018 Costs x €
Related parties				
Infosys Limited	0	4,059	0	0
Infosys BPM Limited	0	248	0	0
Brilliant Basics Limited	0	27	0	0
ABN AMRO Hypotheken Groep B.V.	83,607	0	92,003	0
ABN AMRO Bank N.V.	0	548	8,188	10,409
	83,607	4,882	100,191	10,409

Sale and purchase transactions between related parties are conducted at normal market prices.

The transactions with the Infosys companies relate to the supply of personnel for IT and Operations. The deliveries to ABN AMRO Hypotheken Groep B.V. relate to the care and support of the entire mortgage process.

Infosys Limited heads the group of several Infosys companies, including Brilliant Basics Limited. Since May 23, 2019 Infosys Consulting Pte Ltd has held 75% of the shares Stater N.V. (2018: 0%).

ABN AMRO Bank N.V. holds a 25% stake since May 23, 2019 in Stater N.V. (2018: 100%).

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Related to auditor's report
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8 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT 2019

Notes to the cash flow statement

The cash flow statement is drawn up using the indirect method. Cash and cash equivalents recognised in the cash flow statement consist of liquid assets. Interest income and expenses, dividend received, and income tax are recognised in the cash flow from operating activities. Dividend paid is recognised under cash flow from financing activities.

Composition of cash and cash equivalents

	2019	2018
	x €1,000	x €1,000
Compilation cash at January 1	54,594	54,201
Movement of cash and cash equivalents	12,760	393
Cash and cash equivalents December 31	67,354	54,594

9 OTHER DISCLOSURE

Post balance sheet events

Granted loan

In connection with excess cash and cash equivalents, Stater N.V. has granted a loan of €30 million to Infosys Consulting Pte Ltd. The interest rate on this loan is based on 12-month EURIBOR +0.83 per annum with a minimum of 0.25%. The loan has a term of 5 years, but can be called in by Stater N.V. in whole or in part subject to a period of 15 days.

Coronavirus (COVID-19)

The beginning of 2020 saw a major outbreak of the coronavirus (COVID-19). From March onwards, the consequences in the Netherlands have become so serious that the Dutch government has promulgated an extensive package of measures, which also have a substantial impact on Stater. The Stater Crisis Management Team (CMT) was convened immediately after the measures were announced in order to take appropriate action and anticipate developments. The CMT meets regulary to ensure the health and safety of the Stater staff on the one hand and to guarantee the services to its clients on the other hand.

Naturally, the coronavirus has a major impact on economic developments worldwide and will have an impact on Stater's turnover and profit development. On the one hand this will be limited because our regular work in the back office brings stability, but the turnover from mid office and change projects of clients will come under pressure depending on the duration of the coronavirus pandemic. On the other hand, thanks to its flexible shell, Stater is able to gear its workforce to the work on offer. In addition, in the event of an economic downturn, Hypocasso's turnover likely will increase. Because of the measures taken, the prudent way of entrepreneurship through the years and the business model of Stater, Stater's continuity is not at risk. Nevertheless, these unpredictable times have a huge impact on people and organizations. There is uncertainty in the world around us, and we have to wait whether additional measures will need to be taken. We will closely monitor the situation and evaluate different scenarios on solvency, liquidity and operations.

Appropriation of the result for the 2018 financial year

The annual accounts for 2018 were adopted by the General Meeting held on July 29, 2019. The General Meeting has determined the appropriation of the result as it was proposed.

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COMPANY-ONLY ANNUAL ACCOUNTS

10 COMPANY-ONLY BALANCE SHEET AS AT DECEMBER 31, 2019

(before appropriation of results)

		2019		2018	
		x €1,000	x €1,000	x €1,000	x €1,000
ASSETS					
Fixed assets					
Intangible fixed assets	(19)	4,944		1,120	
Tangible fixed assets	(20)	18,479		804	
Financial fixed assets	(21)	32,244		20,947	
			55,667		22,871
Current assets					
Receivables, prepayments and accrued income	(22)				
Trade receivables		31		21	
Receivables from group companies		38,332		40,217	
Taxes and social securities		477		173	
Other receivables		1,406		1,178	
Prepayments and accrued income		1,451		2,266	
			41,697		43,855
Cash and cash equivalents	(23)		11,706		22,959
TOTAL OF ASSETS			109,070		89,685

As at January 1, 2019, Stater adopted IFRS 16 Leases. Comparative figures have not been restated.

		2019		2018	
		x €1,000	x €1,000	x €1,000	x €1,000
EQUITY AND LIABILITIES					
Equity	(24)				
Issued share capital		4,850		4,850	
Share premium reserve		8,287		8,287	
Legal reserves		6,467		2,514	
Other reserves		26,527		36,768	
Result for the year		15,091		10,712	
			61,222		63,131
Provisions	(25)		4,988		4,535
Non-current liabilities	(26)		19,715		4,325
Current liabilities	(27)				
Trade creditors		1,731		1,211	
Loans from participations in group companies		2,503		2,540	
Payables to other related parties		1,228		2,255	
Taxes and social securities		5,547		3,700	
Pension premiums		737		700	
Accruals and deferred income		11,399		7,288	
			23,145		17,694
TOTAL OF EQUITY AND LIABILITIES			109,070		89,685

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11 COMPANY-ONLY PROFIT AND LOSS ACCOUNT 2019

	2019	2018
	x €1,000	x €1,000
Share in result of participating interests after taxes	14,974	2,396
Other income and expenses after taxation	117	8,316
Result after tax	15,091	10,712

12 NOTES TO THE COMPANY-ONLY FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Part 9 Book 2 of the Dutch Civil Code.

For the general principles for the preparation of the annual account, the principles for valuation of assets and liabilities and determination of the result, as well as for the notes to the specific assets and liabilities and the results, reference is made to the notes to the consolidated financial statements, if there is no further explanation provided.

Financial fixed assets

Participating interests in group companies where extensive influence is exerted on business and financial policies are valued based on the net capital value that is, however, not lower than zero. This net capital value is calculated based on the principles of Stater N.V.

Participating interests with a negative net capital value are valued at zero. When the company guarantees (wholly or partially) debts of the participating interest concerned, a provision is created primarily at the expense of claims against this participating interest and for the remainder under the provisions of the remaining part in the losses of the participating interest or the expected payments by the company on behalf of these participating interests.

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MORTGAGE SERVICES | AN INFOSYS COMPANY

13 NOTES TO THE COMPANY BALANCE SHEET AS AT DECEMBER 31, 2019

ASSETS

19. Intangible fixed assets

	Internally develope d	Purchased software	Total
	x €1,000	x €1,000	x €1,000
Carrying amount as of January 1, 2019			
Purchase price	58,822	2,834	61,656
Cumulative amortization and impairment	-58,822	-1,714	-60,536
	0	1,120	1,120
Movement			
Investments	3,078	979	4,058
Amortization	-137	-97	-234
Reclassification correction	757	-757	0
	3,698	125	3,824
Carrying amount as of December 31, 2019			
Purchase price	61,901	3,814	65,715
Cumulative amortization and impairment	-58,201	-2,569	-60,770
	3,699	1,245	4,944

The reclassification correction concerns a misstatement correction of the previous year and is not considered material. Therefore it have been corrected in the current year figures.

Amortisation rates

	%
Internally developed software	14
Purchased software	20-33.33

The internally developed software concerns the core systems used by Stater for the mortage services. Included in the internally developed software are assets amounting to € 58,315,000 that have been fully written down but are still in use. The purchased software includes assets amounting to € 1,588,000 that have been fully written down but are still in use.

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20. Tangible fixed assets

	Leasehold improve - ments	Hardware	Equipment	Right of use assets	Total
	x €1,000	x €1,000	x €1,000	x €1,000	x €1,000
Carrying amount as of January 1, 2019					
	0	0	0	17,559	17,559
Purchase price	4,045	444	4,602	0	9,091
Cumulative depreciation and impairment	-3,771	-444	-4,072	0	-8,287
	274	0	531	17,559	18,364
Movement					
Investments	595	149	392	1,602	2,740
Depreciation disposal	0	0	-640	0	-640
Cumulative depreciation and impairment	0	0	640	0	640
Depreciation	-54	-5	-218	-2,348	-2,625
	541	144	174	-745	115
Carrying amount as of December 31, 2019					
	0	0	0	17,559	17,559
Purchase price	4,640	593	4,355	1,602	11,191
Cumulative depreciation and impairment	-3,825	-449	-3,650	-2,348	-10,272
Carrying amount as of December 31, 2019	815	144	705	16,813	18,478

The right of use assets include Stater's leased premises in Amersfoort and Brussels amounting to € 16,182, 000, as well as the lease cars amounting to € 631,000.

With effect from April 1, 2018, for the building in Amersfoort lease has been renewed for 10 years with an option to renew for 2 consecutive periods of 5 years, i.e. until March 31, 2038 at the latest. These renewal options have not been included in the IFRS 16 calculation.

There are no variable lease payments present in the lease contracts.
The cash outflow amounts to € 1,127,000.

Depreciation rates

	%
Leasehold improvements	10
Hardware	20-33.33
Equipmen	20
t	10-25

	12/31/2019	12/31/2018
	x €1,000	x €1,000

21. Financial fixed assets

Participations in group companies	30,620	19,817
Other receivables	1,624	1,130
	32,244	20,947

Other receivables

Other receivables	1,624	1,130

Financial fixed assets relate to a loan granted to the leasing company. The interest rate is 1.8%. The loan was granted for the purchase of lease cars for Stater N.V. Repayments on the loan are equal to the depreciation of the lease cars. By way of security, a pledge has been granted on all passenger cars and light commercial vehicles made available to Stater N.V. by the leasing company for the benefit of employees of Stater N.V.

	2019	2018
	x €1,000	x €1,000
Other receivables		
Carrying amount as of January 1	1,130	1,012
Loans granted	868	513
Repayments	-374	-395
Carrying amount as of December 31	1,624	1,130

	Participating Interests	Receivables from Participating Interests
	x € 1,000	x € 1,000
Balance as at January 1, 2019		
Acquisition value	2,955	114,044
Cumulative depreciation and impairments	14,853	-73,827
Provision for participating interests	2,009	0
	19,817	40,217
Movements		
Investments/repayments	0	-1,572
Profit share	14,974	0
Impairments charged to the profit and loss	314	-314
Movement in provision for participating interests	-820	0
Dividend	-3,664	0
Total movements	10,804	-1,886
Balance as at December 31, 2019		
Acquisition value	2,955	112,472
Cumulative depreciation and impairments	26,477	-74,140
Provision for participating interests	1,188	0
	30,620	38,332

22. Receivables, prepayments and accrued income

Receivables from group companies

There has been no interest calculated because the amounts are settled every month.

	12/31/2019	12/31/2018
	x €1,000	x €1,000
Taxes and social securities		
Corporate income tax	0	173
VAT	477	0
	477	173

	12/31/2019	12/31/2018
	x €1,000	x €1,000
Other receivables		
Volume discount suppliers	1,014	1,178
Grants	392	0
	1,406	1,178
Prepayments and accrued income		
Turnover to be invoiced	0	1,484
Interest	7	4
Prepaid costs	1,445	777
	1,452	2,265

23. Cash and cash equivalents

ABN AMRO Bank N.V.	11,706	22,959

This amount is freely disposable.

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Related to auditor's report
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24. Equity

	Issued share capital	Share premium	Legal reserves	Other reserves	Result for the year	Total
	x €1,000	x €1,000	x €1,000	x €1,000	x €1,000	x €1,000
Carrying amount as of January 1, 2019	4,850	8,287	2,514	36,768	10,712	63,131
Allocation to legal reserve	0	0	3,953	0	0	3,953
Unappropriated profit of current year	0	0	0	0	15,091	15,091
Appropriation of the prior year profit	0	0	0	10,712	-10,712	0
Dividend paid	0	0	0	-17,000	0	-17,000
Other receivables (repayments)	0	0	0	-3,953	0	-3,953
Carrying amount as of December 31,	4,850	8,287	6,467	26,527	15,091	61,222

Issued share capital

The statutory share capital amounts to 10,000,000 shares of € 1 each.
The shareholders of the company are as follows:

- 75% Infosys Consulting Pte. Ltd
- 25% ABN AMRO Bank N.V.

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Legal reserves

	2019	2018
	x €1,000	x €1,000
Reserve for capitalized development costs		
Carrying amount as of January 1	2,421	1,994
Allocation	1,278	941
Withdrawal	0	-513
Carrying amount as of December 31	3,699	2,421
Reserve related to retained profits from participating interests		
Carrying amount as of January 1	93	78
Allocation	2,675	15
Carrying amount as of December 31	2,768	93

Other reserves

	2019	2018
Carrying amount as of January 1	36,768	31,298
Allocation of previous financial year nett result	10,712	13,163
Dividend paid	-17,000	-7,250
Other receivables (repayments)	-3,953	-443
Carrying amount as of December 31	26,527	36,768

Proposed appropriation of profit

The annual accounts for 2018 were adopted by the General Meeting held on July 29, 2019. The General Meeting has determined the appropriation of the result as it was proposed.

It is proposed to the General Meeting that the result after taxes for 2019 be appropriated as follows. An amount of €8,700,000 of the profit for 2019 will be distributed as dividend and the remaining amount will be added to the other reserves.

Result for the year

	2019	2018
Carrying amount as of January 1	10,712	13,163
Appropriation of the prior year profit	-10,712	-13,163
Unappropriated profit of current year	15,091	10,712
Carrying amount as of December 31	15,091	10,712

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Related to auditor's report
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25. Provisions

Deferred tax liability

This provision concerns the temporary differences between the valuation in the annual accounts and the tax valuation of assets and liabilities. The provision is calculated based on the applicable tax rate.

	2019	2018
	x €1,000	x €1,000
Carrying amount as of January 1	0	38
Allocation	507	0
Withdrawa l	0	-38
	507	0

The increase of the deferred tax liability is a result of the investments in internally developed software. For tax purposes these investments are operating expenses.

	12/31/2019	12/31/2018
	x €1,000	x €1,000
Other provisions		
Other long-term employee benefits	3,293	2,526
Provision subsidiaries	1,188	2,009
	4,481	4,535

	2019	2018
	x €1,000	x €1,000
Other long-term employee benefits		
Carrying amount as of January 1	2,526	1,252
Allocation	1,115	1,437
Withdrawal	-349	-87
Cancelled consolidations	0	-76
Carrying amount as of December 31	3,293	2,526

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	2019	2018
	x €1,000	x €1,000
Provision subsidiaries		
Carrying amount as of January 1	2,009	4,672
Withdrawal	-821	-2,663
Carrying amount as of December 31	1,188	2,009

The provision subsidiaries comprises the provision for participating interests that is based on the negative net asset value of these participating interests. If Stater has the firm intention to enable the participating interest (for its share) to pay its debts, a provision will be formed for that part. For the movements in the provision, reference is also made to the statement of movements under financial fixed assets.

	12/31/2019	12/31/2018
	x €1,000	x €1,000
26. Non-current liabilities		
Advanced payment received on orders	404	2,836
Lease liabilities	19,311	0
Accruals and deferred income	0	1,489
	19,715	4,325

Advanced payment received on orders

Amounts received for acquired staff are recognised here. These amounts are attributed to the first 5 years of these employees' employment.

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Lease liabilities

The lease liabilities include the present value of lease payments not paid at December 31. The incremental borrowing rate is used as discount rate. The current portion of the lease debts is presented as current liabilities.

Debt longer than 5 years: € 8,658,000.

The table below provides details regarding the contractual maturities of lease liabilities as of December 31, 2019 on an undiscounted basis:

	(x € 1,000)
Particulars	**Amount**
Less than one year	3,024
One to five years	11,378
More than five years	9,326
Total	**23,728**

Accruals and deferred income

From April 1, 2018, investment contributions received from the lessor that are credited to the profit during the lease term are included here. As a result of implementation of IFRS 16 as of January 1, 2019, this item has been factored into the calculation of net present values.

27. Current liabilities

	12/31/2019	12/31/2018
	x €1,000	x €1,000
Loans from participations in group companies		
Stater Deutschland GmbH & Co K.G.	2,503	2,540

There has been no interest calculated on this loan.

Taxes and social securities

Corporate income tax	1,918	0
VAT	0	445
Pay-roll tax	3,629	3,255
	5,547	3,700

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Until May 23, 2019, Stater N.V. was included in the fiscal entity for corporate income tax purposes with ABN AMRO Bank N.V. The corporate income tax payable up to and including that period is recognised as a liability to related parties.

	12/31/2019	12/31/2018
	x €1,000	x €1,000
Accruals and deferred income		
Holiday accruals	2,108	2,517
Variable pay	2,633	2,606
Prepaid amount	874	740
Accruals other costs	1,784	1,229
Accruals external staff	1,245	197
Lease liabilities	2,756	0
	11,400	7,289

CONTINGENT ASSETS AND LIABILITIES

Long-term financial obligations

Company cars

	12/31/2019	12/31/2018
	x €1,000	x €1,000
Less than one year	40	159
One to five years	76	105
	116	264

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Rental commitment buildings

	12/31/2019	12/31/2018
	x €1,000	x €1,000
Less than one year	0	844
One to five years	0	11,169
More than five years	0	11,994
	0	24,007

Other long-term financial obligations

	12/31/2019	12/31/2018
	x €1,000	x €1,000
Less than one year	2,052	1,608
One to five years	4,371	4,135
	6,423	5,743

14 NOTES TO THE COMPANY PROFIT AND LOSS ACCOUNT 2019

28. Share in result of participating interests

	2019	2018
	x €1,000	x €1,000
Share in result of participating interests	14,974	2,396

Participating interests

- Stater Deutschland Verwaltungs-GmbH in Berlin: 100% participation of Stater Duitsland B.V. (2018: 100%)
- Stater Deutschland GmbH & Co KG in Berlin: 100% participation of Stater Duitsland B.V. (2018: 100%)

15 OTHER DISCLOSURE

Post balance sheet events

Granted loan

In connection with excess cash and cash equivalents, Stater N.V. has granted a loan of €30 million to Infosys Consulting Pte Ltd. The interest rate on this loan is based on 12-month EURIBOR +0.83 per annum with a minimum of 0.25%. The loan has a term of 5 years, but can be called in by Stater N.V. in whole or in part subject to a period of 15 days.

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The beginning of 2020 saw a major outbreak of the coronavirus (COVID-19). From March onwards, the consequences in the Netherlands have become so serious that the Dutch government has promulgated an extensive package of measures, which also have a substantial impact on Stater. The Stater Crisis Management Team (CMT) was convened immediately after the measures were announced in order to take appropriate action and anticipate developments. The CMT meets regulary to ensure the health and safety of the Stater staff on the one hand and to guarantee the services to its clients on the other hand.

Naturally, the coronavirus has a major impact on economic developments worldwide and will have an impact on Stater's turnover and profit development. On the one hand this will be limited because our regular work in the back office brings stability, but the turnover from mid office and change projects of clients will come under pressure depending on the duration of the coronavirus pandemic. On the other hand, thanks to its flexible shell, Stater is able to gear its workforce to the work on offer. In addition, in the event of an economic downturn, Hypocasso's turnover likely will increase. Because of the measures taken, the prudent way of entrepreneurship through the years and the business model of Stater, Stater's continuity is not at risk. Nevertheless, these unpredictable times have a huge impact on people and organizations. There is uncertainty in the world around us, and we have to wait whether additional measures will need to be taken. We will closely monitor the situation and evaluate different scenarios on solvency, liquidity and operations.

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Amersfoort, 15 April 2020

Management Board:

E.R. Dreuning
Chief Executive Officer

T. Gerritsen
Chief Commercial Officer

Supervisory Board:

H.M.T. Broeders

M. Dekker

K. Jain

M. Joshi

D.R. Padaki

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For identification purposes only.
Related to auditor's report
dated 15 April 2020

OTHER INFORMATION

1 Provisions of the Articles of Association relating to profit appropriation

The general meeting is authorized appropriate the profits as appearing from the adopted annual accounts, or a part thereof, and to resolve to make distributions. The general meeting is also authorised to resolve to make an interim distribution, including dishibutions from the reserves (article 24 of the Articles of Association)).

The company may only make distributions to its shareholders (i) to the extent that the company's equity exceeds the sum of the paid-up and called-up part of the share capital of the company and any reserves which the company is obliged to maintain pursuant to the law, and (ii) after the management board granted its approval. The management board may only approve a resolution of the general meeting to make a distribution if the requirement under (i) is met according to interim accounts which are prepared with due observance of the relevant regulations and if it is not aware nor should reasonably foresee that after such distribution the company will become unable to continue to settle its payable debts.

Notwithstanding the provisions, distributions out of the share premium reserve A or share premium reserve B respectively shall be made pro rata to the number of shares class A or the number of shares class B held by the respective shareholders.

2 Appropriation of the result for the 2018 financial year

The annual account for 2018 was adopted by the General Meeting held on July 29, 2019. The General Meeting has determined the appropriation of the result as it was proposed.

3 INDEPENDENT AUDITOR'S REPORT

Deloitte Accountants B.V.
For identification purposes only.
Related to auditor's report
dated 15 April 2020

Deloitte.

Deloitte Accountants B.V.
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www.deloitte.nl

Independent auditor's report

To the shareholders of Stater N.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 INCLUDED IN THE ANNUAL ACCOUNTS

Our opinion

We have audited the accompanying financial statements for the year ended 31 December 2019 of Stater N.V., based in Amersfoort.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stater N.V. as at 31 December 2019, and of its result for the year ended 31 December 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The consolidated and company balance sheet as at 31 December 2019.

2. The consolidated and company profit and loss account for the period ended 31 December 2019.

3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in The Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Emphasis of the impact of the coronavirus

The coronavirus also impacts Stater N.V. Management disclosed the current impact and her plans to deal with these events or circumstances in page 50 of the financial statements. Management indicates that it is currently not possible for them to properly estimate the impact of the coronavirus on the financial performance and health of Stater N.V. Our opinion is not modified in respect of this matter.

Deloitte.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

In addition to the financial statements and our auditor's report thereon, the annual accounts contain other information that consists of:

- Management Board's Report.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Management Board's Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements 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.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Deloitte.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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 materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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.

- Obtaining 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.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board Regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit.

Amsterdam, 15 April 2020

Deloitte Accountants B.V.

Signed on the original: A den Hertog

Infosys Compaz Pte. Ltd.

Registration Number: 199504205K

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, 2020.

In our opinion:

(a) the financial statements set out on pages 924 to 947 are drawn up so as to give a true and fair view of the financial position of the Company as at March 31, 2020 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

Andrew Stewart Groth

Salil Satish Parekh

Shveta Arora

Eugene Chehchun Huang

Lim Ming Pey

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	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	41,350	44,775
Salil Satish Parekh		
Infosys Limited		
Employee Stock Options (ESOP)	65,770	203,278
Lim Ming Pey		
Astrea IV Pte. Ltd.		
Class A-1 4.35% Secured Fixed Rate Bonds	SGD 70,000	SGD 70,000
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 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

Jonathan Revill Christopher Allaway
Chairman

Shveta Arora
Chief Executive Officer and Director

Date : June 12, 2020

Independent Auditors' Report

Members of the Company Infosys Compaz Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Infosys Compaz Pte. Ltd. ("the Company"), which comprise the Statement of Financial Position as at March 31, 2020, and the Statements 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 on pages 924 to 947.

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, 2020 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

The 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 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 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 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 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

Date : June 12, 2020

Statement of Financial Position

In SG $

Particulars	Note	As at March 31,	
		2020	2019
Assets			
Property, plant and equipment	4	4,485,639	5,443,627
Deferred tax assets	8	1,385,480	532,225
Non-current assets		5,871,119	5,975,852
Contract assets	14	9,958,352	4,376,092
Trade and other receivables	5	36,801,915	17,565,329
Cash and cash equivalents	6	11,603,062	10,529,970
Current assets		58,363,329	32,471,391
Total assets		64,234,448	38,447,243
Equity			
Share capital	7	2,600,000	2,600,000
Reserves		28,363,268	18,517,527
Total equity		30,963,268	21,117,527
Liabilities			
Employee benefits	10	1,241,516	1,813,097
Provision for reinstatement cost	11	299,351	203,734
Lease liabilities	12	1,554,677	–
Non-current liabilities		3,095,544	2,016,831
Trade and other payables	9	21,041,921	11,533,782
Employee benefits	10	2,687,229	2,052,795
Contract liabilities	14	2,684,119	708,161
Current tax payable		3,033,638	1,018,147
Lease liabilities	12	728,729	–
Current liabilities		30,175,636	15,312,885
Total liabilities		33,271,180	17,329,716
Total equity and liabilities		64,234,448	38,447,243

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.	Year ended March 31,	
		2020	2019
Revenue	14	87,798,552	68,582,518
Cost of sales		(68,826,757)	(57,742,673)
Gross profit		18,971,795	10,839,845
Other income		395	713,869
Loss from sale of subsidiary		–	(13,124,643)
Administrative expenses		(8,285,793)	(8,841,235)
Results from operating activities		10,686,397	(10,412,164)
Finance income	15	89,809	37,798
Finance costs	15	(73,582)	–
Net finance (loss)/income		16,227	37,798
Profit/(Loss) before income tax	16	10,702,624	(10,374,366)
Income tax expense	17	(687,284)	(868,216)
Profit/(Loss) for the year		10,015,340	(11,242,582)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
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)
Total comprehensive income for the year		10,015,340	(12,116,376)

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

Statement of Changes in Equity

In SG $

Particulars	Year ended March 31,				
	Share capital	Fair value reserve	Merger reserve	Accumulated profits	Total equity
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 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 US $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
At April 1, 2019	2,600,000	–	–	18,517,527	21,117,527
Adjustment on initial application of SFRS(I) 16 (net of tax)	–	–	–	(169,599)	(169,599)
Adjusted balance at April 1, 2019	2,600,000	–	–	18,347,928	20,947,928
Total comprehensive income for the year					
Profit for the year	–	–	–	10,015,340	10,015,340
Total comprehensive income for the year				10,015,340	10,015,340
At March 31, 2020	2,600,000	–	–	28,363,268	30,963,268

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

Statement of Cash Flows

In SG $

Particulars	Note no.	Year ended March 31, 2020	Year ended March 31, 2019
Cash flows from operating activities			
Profit/(Loss) before income tax		10,702,624	(10,374,366)
Adjustments for:			
Transfer of business services to related corporation		–	(17,857)
Depreciation of plant and equipment	4	5,232,595	4,862,745
Loss on sale of subsidiary		–	13,142,500
Plant and equipment written-off		–	1,113,660
Fair value gain on debt investments at FVOCI at disposal		–	(795,454)
Impairment loss allowance on doubtful debts	13	328,775	–
Finance income	15	(89,809)	(37,798)
Finance costs	15	73,582	–
		16,247,767	7,893,430
Changes in working capital:			
Trade and other receivables		(19,565,361)	8,196,260
Contract assets		(5,582,260)	(2,709,009)
Trade and other payables		9,508,139	(2,389,948)
Contract liabilities		1,975,958	(910,454)
Provision for reinstatement cost		(203,734)	153,656
Employee benefits		62,853	(215,859)
Cash generated from operating activities		2,443,362	10,018,076
Income tax refund/(paid)		474,952	(1,947,637)
Net cash from operating activities		2,918,314	8,070,439
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,149,624)	(1,044,177)
Loan to subsidiary		–	(1,997,500)
Interest income received		89,809	62,669
Proceeds from disposal of equity instruments at FVOCI		–	6,795,454
Transfer of business services, net of cash transferred		–	(499)
Net cash (used in)/from investing activities		(1,059,815)	3,815,947
Cash flows from financing activities			
Payments of lease liabilities	12	(717,393)	–
Interest paid	12	(68,014)	–
Dividends paid		–	(15,204,785)
Proceeds from issue of share capital		–	2,000,000
Net cash used in financing activities		(785,407)	(13,204,785)
Net increase/(decrease) in cash and cash equivalents		1,073,092	(1,318,399)
Cash and cash equivalents at 1 April		10,529,970	11,848,369
Cash and cash equivalents at 31 March	6	11,603,062	10,529,970

The accompanying notes form an integral part of these 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 June 12, 2020.

1 Domicile and activities

Infosys Compaz 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 during the financial year is Infosys Consulting Pte Ltd., a company incorporated in the Republic of Singapore. The ultimate holding company is Infosys Limited, a company incorporated in India.

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)) 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.

This is the first set of the Company's annual financial statements in which SFRS(I) 16 Leases has been applied. The related changes to significant accounting policies are described in Note 2.5.

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 judgments

The preparation of the financial statements in conformity with SFRS(I)s and IFRSs requires the Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information on areas involving a higher degree of judgment or areas where estimates are significant, to the financial statements is set out in Note 21.

2.5 Changes in accounting policies

New standards and amendments

The Company has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on April 1, 2019:

- SFRS(I) 16, Leases
- SFRS(I) INT 23, Uncertainty over Income Tax Treatments

Other than SFRS(I) 16, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

SFRS(I) 16, Leases

The Company applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at April 1, 2019. Accordingly, the comparative information presented for the period ended March 31, 2019 is not restated – i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4, Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after April 1, 2019.

As a lessee

As a lessee, the Company leases many assets including property and office equipment. The Company previously classified leases as operating leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under SFRS(I) 16, the Company recognizes right-of-use (ROU) assets and lease liabilities for most of these leases – i.e. these leases are on the Balance Sheet.

Leases classified as operating leases under SFRS(I) 1-17

Previously, the Company classified all leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities incremental borrowing rates applicable to the leases as at April 1, 2019. ROU assets are measured at their carrying amount as if SFRS(I) 16 had been applied since the commencement date, discounted using the Company's incremental borrowing rate at the date of initial application: the Company applied this approach to its largest property lease.

The Company has tested its ROU assets for impairment on the date of transition and has concluded that there is no indication that the ROU assets are impaired.

The Company used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Company:

- excluded initial direct costs from the measurement of the ROU asset at the date of initial application; and
- used hindsight when determining the lease term.

Impact on financial statements

Impact on transition*

On transition to SFRS(I) 16, the Company recognized additional ROU assets and additional lease liabilities, recognizing the difference in retained earnings. The impact on transition is summarized as follows.

In SG $

Particulars	As at April 1, 2019
ROU assets – property, plant and equipment	3,107,209
Lease liabilities	(2,983,025)
Provision for reinstatement	(293,783)
Retained earnings	169,599

* For the impact of SFRS(I) 16 on profit or loss for the period, see Note 18. For the details of accounting policies under SFRS(I) 16 and SFRS(I) 1-17, see Note 3.6.

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at April 1, 2019. The weighted-average rate applied is 2.14%.

In SG $

Particulars	As at April 1, 2019
Operating lease commitments at March 31, 2019 as disclosed under SFRS(I) 1-17 in the Company's financial statements	1,046,210
Discounted using the incremental borrowing rate at April 1, 2019	803,844
Extension options reasonably certain to be exercised	2,179,181
Lease liabilities recognized at April 1, 2019	2,983,025

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in Note 2.5, which addresses changes in accounting policies.

3.1 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

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

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 realizing 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

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 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.

Non-derivative financial assets: Subsequent measurement and gains and losses

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 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 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 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 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.

(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.

3.2 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 labor, 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.

Change in estimates

During the year, the Company revised its useful life policy so as to align their policy with their immediate controlling party, Infosys Consulting Pte Ltd. The estimated useful lives for the current and comparative years are as follows:

Particulars	Before April 1, 2019	After April 1, 2019
Leasehold improvements	5 years	5 years
Plant and machinery	5 years	5 years
Computers and software	2 to 5 years	3 to 5 years
Office furniture and equipment	5 years	5 years

For impact of change in estimate in useful life policy, refer to Note 4.

3.3 Impairment

(i) Non-derivative financial assets and contract assets

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. 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 realizing security (if any is held); or
- the financial asset is more than 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 realizing security (if any is held).

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 reorganization; 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.

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.

(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 amortization, if no impairment loss had been recognized.

3.4 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.

3.5 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

3.6 Leases

The Company has applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed separately.

Policy applicable from April 1, 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into on or after April 1, 2019.

(i) As a lessee

The Company recognizes a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the ROU asset reflects that the Company will exercise a purchase option. In that case, the ROU asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

Leases – Policy applicable before April 1, 2019

For contracts entered into before April 1, 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;

- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(ii) As a lessee

In the comparative period, as a lessee the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognized in the Company's Statement of Financial Position. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

3.7 Government grants

The Company recognises a government grants related to wage support to employers in profit or loss as deduction against salary cost when the grant becomes receivable. The Company also recognised grant as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognised in profit or loss as deduction against salary costs on a systematic basis over the months.

3.8 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 standalone 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 standalone 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.

3.9 Finance income and costs

The Company's finance income and finance costs include:

- interest income; and
- interest expense.

Interest income or expense is recognized 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; or
- the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become 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 items recognized directly in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets.

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.

Current tax assets and liabilities are offset only if certain criteria are met.

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.

The measurement of deferred taxes 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 is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax 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.

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.

3.11 New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after April 1, 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements:

- Amendments to References to Conceptual Framework in SFRS(I) Standards
- Amendments to SFRS(I) 3 Definition of a Business
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 Definition of Material
- SFRS(I) 17 Insurance Contracts

4 Property, plant and equipment

In SG $

Particulars	Building	Plant and machinery	Leasehold improvements	Computers and software	Office furniture and equipment	Asset under construction	Total
Cost							
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)
Write-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
At April 1, 2019	–	–	1,770,540	24,871,465	204,511	37,166	26,883,682
Recognition of ROU assets on initial application of SFRS (I) 16	3,112,310	–	–	–	59,310	–	3,171,620
Adjusted balance April 1, 2019	3,112,310	–	1,770,540	24,871,465	263,821	37,166	30,055,302
Reclassifications	–	–	186,454	505,529	–	(691,983)	–
Additions	–	29,800	–	465,007	17,774	654,817	1,167,398
Write-off	–	–	–	(36,976)	–	–	(36,976)
At March 31, 2020	3,112,310	29,800	1,956,994	25,805,025	281,595	–	31,185,724

In SG $

Particulars	Building	Plant and machinery	Leasehold improvements	Computers and software	Office furniture and equipment	Asset under construction	Total
Accumulated depreciation							
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)
Write-off	–	–	–	(2,758,489)	–	–	(2,758,489)
At March 31, 2019	–	–	1,246,213	20,012,167	181,675	–	21,440,055
At April 1, 2019	–	–	1,246,213	20,012,167	181,675	–	21,440,055
Recognition of ROU asset on initial application of SFRS(I) 16	62,246	–	–	–	2,165	–	64,411
Adjusted balance April 1, 2019	62,246	–	1,246,213	20,012,167	183,840	–	21,504,466
Depreciation for the year	746,954	179	331,425	4,111,304	42,733	–	5,232,595
Write-off	–	–	–	(36,976)	–	–	(36,976)
At March 31, 2020	809,200	179	1,577,638	24,086,495	226,573	–	26,700,085
Carrying amounts							
At 1 April 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
At March 31, 2020	2,303,110	29,621	379,356	1,718,530	55,022	–	4,485,639

As at March 31, 2020, property, plant and equipment includes ROU assets of S$2,303,110 and S$45,171 related to leased building and office equipment and furniture respectively.

Changes in estimate

During the year the company revised its useful life policy so as to align their policy with their immediate controlling party – Infosys Consulting Pte Ltd. As a result, the expected useful lives of computer and software has changed from 2 to 5 years to 3 to 5 years. The effect of these changes on depreciation in current period on asset currently held is as follows :

In SG $

Particulars	As at March 31,		
	2020	2021	2022
Increase/(decrease) in depreciation expense and correspondingly (decrease)/increase in profit before tax	873,579	(488,581)	(384,998)

Depreciation methods, useful lives and residual values are reviewed and adjusted, as appropriate, at each Balance Sheet date.

5 Trade and other receivables

In SG $

Particulars	Note no.	As at March 31,	
		2020	2019
Current assets			
Trade receivables			
Ultimate holding company		190,953	–
Immediate holding company		32,345	–
Related corporations		27,833,572	11,082,760
Third parties		1,797,251	1,620,606
	14	29,854,121	12,703,366
Deposits		247,392	250,272
Grant receivables		951,678	–

Particulars	Note no.	As at March 31,	
		2020	2019
Other receivables		5,984	–
		31,059,175	12,953,638
Prepayments		5,742,740	4,611,691
		36,801,915	17,565,329

The Company's exposure to credit and currency risks, and impairment losses for trade and other receivables are disclosed in Note 13.

Information about government grant is included in note no. 9.

6 Cash and cash equivalents

In SG $

Particulars	As at March 31,	
	2020	2019
Cash at banks	6,567,205	10,529,970
Fixed deposits	5,035,857	–
	11,603,062	10,529,970

The weighted average effective interest rate relating to cash and cash equivalents at the Balance Sheet date for the Company are 1.00% - 1.57% (2019: 0%) per annum.

Included in the Company's cash and cash equivalents are amounts of SG$11,603,062 (2019: SG$10,383,361) placed with financial institutions who are also related corporations.

7 Share capital

In SG $

Particulars	As at March 31,	
	2020	2019
	No. of shares	No. of shares
Ordinary shares		
At 1 April and 31 March	1,000,000	1,000,000

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.

8 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

In SG $

Particulars	Assets		Liabilities	
	2020	2019	2020	2019
Plant and equipment	(20,823)	–	–	638,934
Employee benefits	(1,257,877)	(1,136,525)	–	–
Trade receivable	(55,892)	–	–	–
Others	(50,888)	(34,634)	–	–
Deferred tax (assets) / liabilities	(1,385,480)	(1,171,159)	–	638,934
Set off of tax	–	638,934	–	(638,934)
Net deferred tax (assets) / liabilities	(1,385,480)	(532,225)	–	–

Movement in deferred tax balances during the year:

In SG $

Particulars	At April 1, 2018	Recognized in profit or loss (note 17)	At March 31, 2019	Recognized in profit or loss (note 17)	At March 31, 2020
Plant and equipment	1,683,287	(1,044,353)	638,934	(659,757)	(20,823)
Employee benefits	(163,516)	(973,009)	(1,136,525)	(121,352)	(1,257,877)
Trade receivable	–	–	–	(55,892)	(55,892)
Others	–	(34,634)	(34,634)	(16,254)	(50,888)
	1,519,771	(2,051,996)	(532,225)	(853,255)	(1,385,480)

9 Trade and other payables

In SG $

Particulars	Note no.	As at March 31, 2020	As at March 31, 2019
Trade payables			
- ultimate holding company		5,100,357	966,057
- immediate holding company		2,134,299	1,196,220
- related corporations		321,846	–
- third parties		3,191,662	2,161,682
Other payables		1,563,140	777,037
Accruals		7,714,468	6,258,335
Deferred grant income		951,678	–
Non-trade payables:			
- Ultimate holding company		64,471	174,451
		21,041,921	11,533,782

Grant income under Job Support Scheme is deferred and will be recognized in profit or loss as deduction against salary costs on a systematic basis, over the 9 months period until December 2020 in which the grant is intended to compensate.

Non-trade amounts due to ultimate 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 13.

10 Employee benefits

In SG $

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Short-term accumulating compensated absences	1,052,022	647,255
Training plan	591,547	888,540
Bonus plan	1,043,660	517,000
	2,687,229	2,052,795
Non-current		
Training plan	591,547	888,540
Bonus plan	649,969	924,557
	1,241,516	1,813,097

11 Provision for reinstatement cost

The movement for provision for dismantlement, reinstate or redecorate is as follows:

In SG $

	2020	2019
Non-current		
Beginning of financial year	203,734	50,078
Provision reversed during the year	(203,734)	–
Provision made during the year	–	153,656
Adjustment for initial application of SFRS(I) 16	293,783	–
Unwind of discount	5,568	–
End of financial year	299,351	203,734

This provision relates to cost of dismantling and removing assets and restoring the premises to its original condition as stipluated in the operating lease agreement. The company expects to incur the liability upon termination of the lease. The provision is measured at the best estimate of the expenditure required and timing of outflow, to settle the present obligation at the end of each reporting period

12 Lease liabilities

In SG $

Particulars	As at March 31, 2020	2019
Current	728,729	–
Non-current	1,554,677	–
	2,283,406	–

Information about the Company's exposure to interest rate, foreign currency and liquidity risk is included in Note 13.

Terms and debt repayment schedule

Particulars	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
Lease liabilities	SGD	1.58% - 2.63%	2020 - 2023	2,373,531	2,283,406

Reconciliation of movements of liabilities to cash flows arising from financing activities

In SG $

Particulars	Total lease liabilities
Balance as at 1 April 2019	–
Adjustment for initial application of SFRS(I) 16	2,983,025
Adjusted balance at 1 April 2019	2,983,025
Changes from financing cash flows	
Payment of lease liabilities	(717,392)
Interest paid	(68,014)
Total changes from financing cash flows	(785,407)
Other changes	
New leases	17,773
Interest expenses	68,014
Total other changes	85,788
Balance as at 31 March 2020	2,283,406

13 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% (2019: 100%) 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 receivables and contract assets

The Company uses a provision matrix to measure the lifetime credit loss allowance for trade receivables and contract assets. In measuring the expected credit losses, trade receivable and contract assets 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 following table provides information about the exposure to credit risk for trade receivables and contract assets as at 31 March

In SG $

Particulars	Lifetime ECL – not impaired	Lifetime ECL – credit impaired
2020		
Current (not past due)	32,445,771	–
1 – 30 days past due	3,444,353	–
31 – 60 days past due	2,463,295	–
More than 60 days past due	1,459,054	328,775
Gross carrying amount	39,812,473	328,775
Loss allowance	–	(328,775)
Carrying amount	39,812,473	–

In SG $

Particulars	Lifetime ECL – not impaired	Lifetime ECL – credit impaired
2019		
Current (not past due)	15,803,369	–
1 – 30 days past due	268,063	–
31 – 60 days past due	191,878	–
More than 60 days past due	816,148	–
Gross carrying amount	17,079,458	–
Loss allowance	–	–
Carrying amount	17,079,458	–

Movements in allowance for impairment in respect of trade and other receivables

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

	2020	2019
Balance as at 1 April	–	90
Impairment loss recognised	328,775	–
Reversal of impairment losses previously recognised	–	(90)
Balance as at 31 March	328,775	–

The Company believes that the unimpaired amounts that are past due by more than 60 days are still collectible in full, based on historic payment behavior and analysis of customer credit risk, including underlying customers' credit ratings, when available.

Other financial assets

Impairment loss on these other financial assets have been measured on the 12-month expected loss basis and reflects the short term maturities of the exposures. The Company consider that remaining receivables have low credit risk based on the external credit ratings of the counterparties.

Cash and cash equivalents

The Company held cash and cash equivalents of $11,603,062 at 31 March 2020 (2019: S$10,529,970) Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

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 following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

In SG $

Particulars	Carrying amount	Contractual cashflow	Within 1 year	More than 1 year
March 31, 2020				
Trade and other payables (excluding deferred grant income)	20,090,243	(20,090,243)	(20,090,243)	–
Lease liabilities	2,283,406	(2,373,531)	(778,049)	(1,595,482)
	22,373,649	(22,463,774)	(20,868,292)	(1,595,482)
March 31, 2019				
Trade and other payables	11,533,782	(11,533,782)	(11,533,782)	–

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 optimizing the return.

Currency risk

As at Balance Sheet date, the Company is not exposed to significant currency risks.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of the Company's financial instruments will fluctuate because of changes in market interest rates. As at Balance Sheet date, the Company is not exposed to significant interest rate 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.

In SG $

Particulars	Note	Financial assets at amortized cost	Other financial liabilities	Total carrying amounts
2020				
Financial assets not measured at fair value				
Trade and other receivables (excluding grant receivables and prepayments)	5	30,107,497	–	30,107,497
Cash and cash equivalents	6	11,603,062	–	11,603,062
		41,710,559	–	41,710,559
Financial liabilities not measured at fair value				
Trade and other payables (excluding deferred grant income)	9	–	20,090,243	20,090,243

Particulars	Note	Financial assets at amortized cost	Other financial liabilities	Total carrying amounts
2019				
Financial assets not measured at fair value				
Trade and other receivables (excluding prepayments)	5	12,953,638	–	12,953,638
Cash and cash equivalents	6	10,529,970	–	10,529,970
		23,483,608	–	23,483,608
Financial liabilities not measured at fair value				
Trade and other payables	9	–	11,533,782	11,533,782

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.

14 Revenue

In SG $

Particulars	For the year,	
	2020	2019
Professional services fee income	34,997,425	15,519,153
Electronic polling services	–	1,624,199
Smart messaging services fee income	11,882,180	11,235,476
Utility computing services fee income	32,179,528	23,073,289
IT security services fee income	8,739,419	9,654,984
Corporate secretariat income	–	3,842,855
Finance services income	–	2,560,158
HR services income	–	1,072,404
	87,798,552	68,582,518

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 services (which includes professional service, Electronic polling services, Smart messaging services, Utility computing services and IT security services). Finance, HR and Company secretary services have been disposed in prior year.
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 Company's reportable segments.

In SG $

Particulars	IT consultancy		Corporate secretariat		Finance services		HR services		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Primary geographical markets										
Singapore	87,798,552	61,107,101	–	3,842,855	–	2,560,158	–	1,072,404	87,798,552	68,582,518
Major products/service line										
Sale of services	87,798,552	61,107,101	–	3,842,855	–	2,560,158	–	1,072,404	87,798,552	68,582,518
Timing of revenue recognition										
Products and services transferred over time	87,798,552	61,107,101	–	3,842,855	–	2,560,158	–	1,072,404	87,798,552	68,582,518

Contract balances

The information about receivables, contract assets and contract liabilities from contracts with customers is as follows:

In SG $

Particulars	Note no.	As at March 31,	
		2020	2019
Trade receivables	5	29,854,121	12,703,366
Contract assets		9,958,352	4,376,092
Contract liabilities		(2,684,119)	(708,161)
		37,128,354	16,371,297

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	
	2020	2019	2020	2019
Revenue recognized that was included in the contract liability balance at the beginning of the year	–	–	708,161	1,618,615
Increase due to cash received, excluding amounts recognized as revenue during the year	–	–	(2,684,119)	(708,161)
Contract assets reclassified to trade receivable	4,376,092	–	–	–
Changes in measurement of progress	9,958,352	2,709,009	–	–

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 following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date.

2020	2021	2022	2023	Total
IT consultancy services	19,786,142	5,712,474	7,763,518	33,262,133
2019			2020	Total
IT consultancy services			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 Company 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 recognises revenue in that amount.

15 Finance income and costs

In SG $

Particulars	For the year,	
	2020	2019*
Interest income under the effective interest method on:		
Debt investments – FVOCI	–	29,926
Fixed deposit	89,809	7,855
Cash and cash equivalents	–	17
Finance income	89,809	37,798
Lease liability interest expense	(68,014)	–
Unwind of discount for provision for reinstatement cost	(5,568)	–
Finance costs	(73,582)	–
Net finance income	16,227	37,798

16 Profit/(Loss) before income tax

The following items have been included in arriving at profit before income tax:

In SG $

Particulars	For the year, 2020	2019
Depreciation of plant and equipment	5,232,595	4,862,745
Plant and equipment written off	–	1,113,660
Directors' fees	–	60,000
Staff costs	32,581,295	33,737,801
Contributions to defined contribution plans, included in staff costs	1,842,386	2,209,514
Provision made for unconsumed leave	549,653	237,319
Operating lease expense	–	956,362

17 Income tax expense

In SG $

Particulars	Note	For the year, 2020	2019
Current tax expense			
Current year		2,700,619	938,548
(Over)/under provision in prior years		(1,160,080)	1,981,664
		1,540,539	2,920,212
Deferred tax expense			
Origination and reversal of temporary differences	8	(853,255)	(2,051,996)
Income tax expense		687,284	868,216
Reconciliation of effective tax rate			
Profit/(loss) before income tax		10,702,624	(10,374,366)
Income tax using Singapore tax rate of 17% (2019: 17%)		1,819,446	(1,763,642)
Tax incentives		(134,813)	(188,769)
Non-deductible expenses		180,156	936,723
Income not subject to tax		(17,425)	(97,760)
(Over)/under provision in prior years		(1,160,080)	1,981,664
		687,284	868,216

18 Leases

Leases as lessee (SFRS(I) 16)

The Company leases office and office equipment. The leases typically run for a period of three years, with an option to renew the lease after that date.

The office and office equipment were entered into many years ago as combined leases of land and buildings. Previously, these leases were classified as operating leases under SFRS(I) 1-17.

Information about leases for which the Company is a lessee is presented below.

In SG $

Particulars	Building 2020	Office furniture and equipment 2020	Total 2020
Balance at 1 April	3,050,064	57,145	3,107,209
Depreciation charge for the year	(746,954)	(29,748)	(776,702)
Additions to ROU assets	–	17,774	17,774
Balance at 31 March	2,303,110	45,171	2,348,281

Amounts recognized in profit or loss:

In SG $

Particulars	Year ended March 31, 2020
2020 – Leases under SFRS(I) 16	
Interest on lease liabilities	68,014
2019 – Operating leases under SFRS(I) 1-17	
Lease expense	1,046,210

Amounts recognized in statement of cash flows:

In SG $

Particulars	Year ended March 31, 2020
Total cash outflow for leases	785,406

19 Commitments

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,	
	2020	2019
Within one year	6,770,863	1,610,117
Between one and five years	1,392,592	449,168
	8,163,455	2,059,285

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	Year ended	
	2020	2019
Short-term employee benefits	2,939,877	2,249,347
Contributions to defined contribution plans	125,991	67,211
	3,065,868	2,316,558

No directors' fees was proposed in respect of the financial year ended March 31, 2020 (2019: S$60,000)

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	Year ended March 31,	
	2020	2019
Ultimate holding company		
Professional services fee income	33,822,216	5,696,497
e-services	–	48,470
Smart messaging services fee income	8,013,002	3,070,267
Utility computing services fee income	27,898,641	10,036,659
IT security services fee income	6,341,459	2,726,425
Corporate secretariat income	–	1,988,335
Finance services income	–	132,083
HR services income	–	61,165
Reimbursement of expenses	2,315,871	1,811,613
Manpower cost recovery	(16,965,266)	–
Immediate holding company		
Professional services fee income	–	6,345
Utility computing services fee income	–	43,770
Corporate secretariat income	–	1,167
Finance services income	–	98,000

Particulars	Year ended March 31,	
	2020	2019
HR services income	–	84,000
Reimbursement of expenses	30,229	1,703,798
Manpower cost recovery	(4,535,953)	–
Related corporations		
Professional services fee income	1,043,151	9,816,312
e-services	–	1,575,729
Smart messaging services fee income	3,646,058	8,165,209
Utility computing services fee income	3,856,314	12,992,860
IT security services fee income	964,133	6,928,559
Corporate secretariat income	–	1,853,353
Finance services income	–	2,330,074
HR services income	–	927,239
Manpower cost recovery	(1,212,333)	–
Information technology services and internet services expense	(4,831,375)	(5,688,301)

21 Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgments 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 judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are discussed below:

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 behavior 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 judgment 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 3.2. The estimation of the useful lives involves significant judgment.

Estimation of uncertainties relating to the global health pandemic from COVID-19:

The company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables and contract asset. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the company, as at the date of approval of these financial statements has used internal and external sources of information and related information and economic forecasts. The Company expects to recover the carrying amount of these assets and will continue to closely monitor any material changes to future economic conditions.

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Infosys Consulting Pte. Ltd

(Registration No. 200009030D)

Directors' statement and Financial statements

Year ended December 31, 2019

Directors' statement

The directors present their statement together with the audited financial statements of the Company for the financial year ended December 31, 2019.

In the opinion of the directors, the financial statements of the Company as set out on pages 6 to 43 are drawn up so as to give a true and fair view of the financial position of the Company as at December 31, 2019, 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:

Shveta Arora

Srinivasan Badrinath(Appointed on October 18, 2019)

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.

Directors' statement

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.

Shveta Arora

Srinivasan Badrinath

August 11, 2020

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Infosys Consulting Pte Ltd (the "Company"),

which comprise the statement of financial position as at December 31, 2019, 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 43.

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, 2019, 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 ("SSAs"). 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

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 Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Company's financial reporting process.

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 management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

    If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

(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.

Public Accountants and
Chartered Accountants
Singapore
August 11, 2020

Statement of financial position

in SG $

Particulars	Note	As at December 31,	
		2019	2018
ASSETS			
Current assets			
Cash and cash equivalents	7	11,448,147	736,154
Trade and other receivables	8	3,937,558	4,603,659
Total current assets		15,385,705	5,339,813
Non-current assets			
Other receivables	8	124,702	197,433
Property, plant and equipment	9	13,505	30,155
Right-of-use assets	10	1,170,638	–
Subsidiaries	11	376,706,073	97,948,138
Total non-current assets		378,014,918	98,175,726
Total assets		393,400,623	103,515,539
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	12	1,535,947	8,122,349
Derivative financial instruments	12A	476,076	–
Lease liabilities	21	376,127	–
Loan from holding company and related company	13	114,485,031	79,518,465
Withholding tax payable		128,435	205,825
Contingent consideration	14	5,981,926	1,430,624
Total current liabilities		122,983,542	89,277,263
Non-current liability			
Lease liabilities	21	802,933	–
Contingent consideration	14	10,059,225	14,358,897
		10,862,158	14,358,897
Capital and reserve			
Share capital	15	10,990,000	10,990,000
Redeemable preference share	15	249,200,000	–
Accumulated losses		(635,077)	(11,110,621)
Net capital surplus/(deficiency)		259,554,923	(120,621)
Total liabilities and equity		393,400,623	103,515,539

Statement of Profit or Loss and other comprehensive income

in SG $

Particulars	Note	Year ended December 31,	
		2019	2018
Revenue	16	11,778,022	15,688,814
Other income	17	19,814,014	287,990
		31,592,036	15,976,804
Total income			
Travel expenses		(537,110)	(1,095,844)
Administrative expenses		(10,196,815)	(11,864,278)
Other operating expense		(619,889)	(1,857,893)
Finance costs	18	(9,826,795)	(1,105,703)
Profit before income tax		10,411,427	53,086
Income tax benefit (expense)	19	64,117	(153,809)
Profit (Loss) for the year, representing total comprehensive income (loss) for the year	20	10,475,544	(100,723)

Statement of changes in equity

in SG $

Particulars	Share capital	Redeemable preference share	Accumulated losses	Total
Balance as at January 1, 2018	10,990,000	–	(11,009,898)	(19,898)
Total comprehensive loss 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)
Total comprehensive income for the year				
Profit for the year, representing				
total comprehensive income for the year	–	–	10,475,544	10,475,544
Transactions with owners, recognized directly in equity				
Issuance of preference share	–	249,200,000	–	249,200,000
Balance as at December 31, 2019	10,990,000	249,200,000	(635,077)	259,554,923

Statement of cash flows

in SG $

Particulars	Year ended December 31,	
	2019	2018
Operating activities		
Profit before income tax	10,411,427	53,086
Adjustments for:		
Depreciation of property, plant and equipment	25,810	129,304
Depreciation of right of use assets	348,027	–
Loss on disposal of plant and equipment	–	5,835
Dividend income	(19,475,859)	–
Fair value loss on derivative financial instrument	476,076	–
Other miscellaneous expenses	26,727	–
Unrealized foreign exchange gain	(352,924)	(4,408)
Interest expense	9,826,795	1,105,703
Interest income	(1,208)	–
Operating cash flows before movements in working capital	1,284,871	1,289,520
Trade and other receivables	1,399,623	(711,704)
Trade and other payables	(1,023,394)	87,645
Cash generated from operations	1,661,100	665,461
Income tax paid	–	(153,809)
Net cash from operating activities	1,661,100	511,652
Investing activities		
Purchase of property, plant and equipment	(9,160)	-
Investment in subsidiaries	(285,855,639)	(77,016,745)
Loan to related company	(672,856)	-
Dividend received from subsidiaries	19,475,859	-
Interest paid on exit liability	–	(129,009)
Net cash used in investing activities	(267,061,796)	(77,145,754)
Financing activities		
Loan from related company	326,749,676	79,500,000
Repayments of borrowings	(45,500,000)	(2,361,343)
Repayment of lease liabilities	(359,370)	-
Interest paid	(4,777,617)	(32,685)
Net cash from financing activities	276,112,689	77,105,972
Net increase in cash and cash equivalents	10,711,993	471,870
Cash and cash equivalents at beginning of year	736,154	264,284
Cash and cash equivalents at end of year (Note 7)	11,448,147	736,154

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 as well as that of investment holding.

The financial statements of the Company for the year ended December 31, 2019 were authorized for issue by the Board of Directors on August 11, 2020.

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 realizable 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, 2019, the Company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that 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 116 Leases

FRS 116 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of FRS 116 on the Company's financial statements is described below.

The date of initial application of FRS 116 for the Company is January 1, 2019.

The Company has applied FRS 116 using the cumulative catch-up approach which:

- requires the Company to recognize the cumulative effect of initially applying FRS 116 as an adjustment to the opening balance of retained earnings at the date of initial application; and
- does not permit restatement of comparatives, which continue to be presented under FRS 17 and INT FRS 104.

(a) Impact of the new definition of a lease

The Company has made use of the practical expedient available on transition to FRS 116 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with FRS 17 and INT FRS 104 will continue to be applied to those leases entered or changed before January 1, 2019.

The change in definition of a lease mainly relates to the concept of control. FRS 116 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in FRS 17 and INT FRS 104.

The Company applies the definition of a lease and related guidance set out in FRS 116 to all lease contracts entered into or modified on or after January 1, 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in FRS 116 does not significantly change the scope of contracts that meet the definition of a lease for the Company.

(b) Impact on lessee accounting

Former operating leases

FRS 116 changes how the Company accounts for leases previously classified as operating leases under FRS 17, which were off-balance-sheet.

Applying FRS 116, for all leases, the Company:

(i) Recognizes right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the remaining lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with

FRS 116.C8(b)(ii);

(ii) Recognizes depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss; and

(iii) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Lease incentives (e.g. free rent period) are recognized as part of the measurement of the right-of-use assets and lease liabilities whereas under FRS 17 they resulted in the recognition of a lease incentive liability, amortized as a reduction of rental expense on a straight-line basis.

Under FRS 116, right-of-use assets are tested for impairment in accordance with FRS 36 Impairment of Assets.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Company has opted to recognize a lease expense on a straight-line basis as permitted by FRS 116. This expense is presented within other operating expenses in the statement of profit or loss.

The Company has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying FRS 17.

- The Company has elected not to recognize right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Company has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

The right-of-use asset and the lease liability are accounted for applying FRS 116 from January 1, 2019.

(c) Financial impact of initial application of FRS 116

The entity has only one lease as on January 1, 2019 which has been considered as short term lease as this lease has remaining lease term of less than 12 months. This expense has been presented within other operating expenses in the statement of profit or loss. There was no impact on retained earnings as on January 1, 2019.

The following table shows the operating lease commitments disclosed applying FRS 17 at December 31, 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognized in the statement of financial position at the date of initial application.

in SG $

Particulars	2019
Operating lease commitments at December 31, 2018	818,565
Less : Short term leases	(34,485)
Less : Operating lease commitments for which lease	
has not commenced yet as at January 1, 2019	(784,080)
Lease liabilities recognized as at January 1, 2019	–

The Company has assessed that there is no significant tax impact arising from the application of

FRS 116.

The Company has not recognized any right-of-use assets at the date of initial application as the Company only has a single lease for which the lease term ends within 12 months of the date of initial application.

New and amendments to FRSs in issue but not yet effective.

As at the date of authorization of these financial statements, the following new/revised FRSs, and amendments to FRSs that are relevant to the Company were issued but not effective:

- Amendments to FRS 1 Presentation of Financial Statements and FRS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Material1
- Amendments to References to the Conceptual Framework in FRS Standards1
- Applies to annual periods beginning on or after January 1, 2020.

Management anticipates that the adoption of the above FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Company in the period of their initial adoption.

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

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 amortization 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. 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. 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 organizations, 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, having 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 reorganization; 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 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.

Preference shares

Preference shares are classified as equity if they are non-redeemable or are redeemable only at the option of the Company and dividend payments are discretionary. Dividends thereon are recognized as distributions within equity and are recognized as a liability in the period in which they are declared.

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.

Derivative financial instruments

The Company enters into derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Further details of derivative financial instruments are disclosed in Note 12A to the financial statements.

The Company does not use derivative financial instruments for speculative purposes.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

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 (Before January 1, 2019) - 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.

Leases (from January 1, 2019)

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract.

The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprises of fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under FRS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies FRS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other operating costs in the statement of profit or loss.

As a practical expedient, FRS 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

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 - 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 contract assets.

Dividend income

Dividend income from investments is recognized when the shareholders' right to receive payment have been established.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Management fee income

Revenue from management fee income is recognized when such services are rendered and on accrual basis.

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, 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:

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 14.

Impairment assessment of investment in subsidiaries (Note 11)

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its 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 management's best estimate about future developments.

Determining whether investment in subsidiaries is impaired involves the consideration of the performance of the subsidiaries and the market conditions in which the subsidiaries operate in. At the end of the reporting period, management of the Company has performed an impairment assessment of its investment in its subsidiaries. As at December 31, 2019, no allowance for impairment loss has been recognized.

4 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	As at December 31,	
	2019	2018
Financial assets		
Financial assets at amortized cost	15,348,790	5,300,964

Particulars	As at December 31,	
	2019	2018
Financial liabilities		
Financial liabilities at amortized cost	117,200,038	87,640,814
Derivative financial instruments not designated as hedges	476,076	–
Contingent consideration for a business combination	16,041,151	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:

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.

The company ensure that the net exposure is kept to an acceptable level by entering into hedging activities such as forward foreign currency contracts. Forward foreign currency contracts are entered purely as a hedging tool and the Company do not hold or issue derivative financial instruments for speculative purposes. The Company's commitments on forward contracts at the end of the reporting period are disclosed in Note 12A.

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 $

Particulars	As at December 31,			
	Liabilities		Assets	
	2019	2018	2019	2018
United States dollar	–	–	796,996	424,925
Chinese Yuan (RMB)	(238,724)	(668,559)	–	–
Japanese yen	(40,960,093)	–	–	–
Euro	(18,989)	(16,830)	–	27,276
Swiss Franc (CHF)	–	(2,497)	15,823	29,507
Total	(41,217,806)	(687,886)	812,819	481,708

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:

	As at December 31,	
	2019	2018
United States dollar	39,850	21,246
Chinese Yuan (RMB)	(11,936)	(33,427)
Euro	(949)	522
Swiss Franc (CHF)	791	1,351

If the relevant foreign currency weakens by 5% against the functional currency of the Company, the above will have an opposite effect.

(i) Interest rate risk management

The Company is not exposed to significant interest rate risk.

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instrument will fluctuate because of changes in market interest rates.

The Company's exposure to interest rate risk arises primarily from its loans from holding and related company. The Company has no policy to hedge against its interest rate risk.

(ii) 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 recognizing 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

in SG $

Particulars	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
2019						
Trade receivables	8	(i)	Lifetime ECL	3,159,197	–	3,159,197
Other receivables	8	Performing	12-month ECL	67,382	–	67,382
Loan to related company	8	Performing	12-month ECL	674,064	–	674,064

Particulars	Note	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

(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.

(iii) 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, 2019, the Company's current liabilities exceeded its current assets by $107,597,837 (2018 : $83,937,450). In addition, the Company has capital surplus of $259,554,923 (2018 : capital deficiency $120,621). 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, and a subsidiary, HIPUS CO. Ltd, incorporated in Japan, 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 2018 and 2019 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 and lease liabilities as disclosed in Note 14 and Note 21 respectively.

Non-derivative financial liabilities

The table below summarizes the maturity profile of the Company's non-derivative financial liabilities at the end of the reporting period based on contractual undiscounted payments.

in SG $

Particulars	Average effective interest rate (%)	On demand or within 1 year	1 to 5 years	Over 5 years	Adjustment	Total
2019						
Trade and other payables	–	1,535,947		–	–	1,535,947
Loan from holding company and related company	2.07	114,485,031	–	–	–	114,485,031
Contingent consideration	12.50	5,981,926	22,044,737	–	(11,985,512)	16,041,151
Lease liabilities	1.58	376,127	802,933		–	1,179,060
		122,379,031	22,847,670	–	(11,985,512)	133,241,189
2018						
Trade and other payables	–	8,122,349	–	–	–	8,122,349
Loan from holding 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
		90,753,437	24,662,410	–	(11,985,512)	103,430,335

(iii) 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).

Entity	Fair value as at 2019 $	Fair value as at 2018 $	Fair value hierarchy	Valuation technique and key input	Significant unobservable input	Relationship of unobservable inputs to fair value
Contingent consideration payable to Fluido Oy	9,310,895	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	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.
Foreign currency forward contracts (Derivative financial instruments)	476,076	–	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	Not Applicable	Not Applicable

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, 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 $

Particulars	As at December 31, 2019	As at December 31, 2018
Holding company and related companies		
Management fee income	(204,412)	(241,760)
Dividend income from subsidiary	(19,475,859)	–
Services rendered	(11,778,022)	(15,539,718)
Interest income	1,208	–
Management fee expense	88,018	111,978

Particulars	As at December 31,	
	2019	2018
Guarantee fee	156,000	26,663
Loan interest expense	7,694,507	551,150
Reversal of intercompany contractor expense	-	(45,856)

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 were as follows:

in SG $

Particulars	As at December 31,	
	2019	2018
Remuneration of directors and other members of key management		
Short-term benefits	384,742	465,131
Post-employment benefits	–	–
	384,742	465,131

7 Cash and cash equivalents

in SG $

Particulars	As at December 31,	
	2019	2018
Cash at bank	11,448,128	736,089
Cash in hand	19	65
	11,448,147	736,154

8 Trade and other receivables

in SG $

Particulars	As at December 31,	
	2019	2018
Holding company - trade (Note 5)	431,989	808,019
Related companies - trade (Note 5)	2,727,208	3,689,396
Loan to related company [(1)]	674,064	–
Other receivables	291	412
Deposits	67,091	66,983
Prepayments	161,617	236,282
	4,062,260	4,801,092
Classified as:		
Current	3,937,558	4,603,659
Non-current	124,702	197,433
	4,062,260	4,801,092

[(1)] Loan to related company 'Infosys Austria GmbH' is denominated in US Dollars, bears interest at LIBOR plus 0.60% per annum, is unsecured and repayable on demand.

The average credit period on rendering of services is 30 days (2018 : 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.

ECL on loan to subsidiary is measured at an amount equal to the 12-month ECL, as there is low risk default and does not have any past due amount.

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.

Aging of receivables that are past due but not impaired:

in SG $

Particulars	As at December 31,	
	2019	2018
Not past due	1,755,679	1,471,804
Past due 1 – 30 days	367,718	–
Past due 31 – 60 days	426,220	544,330
Past due 61 – 90 days	410,608	960,877
Past due more than 90 days	940,418	1,587,799
	3,900,643	4,564,810

Included in the Company's trade receivable balance are debtors with a carrying amount of $ 3,833,552 (2018: $4,497,827) 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, 2018	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
Additions	9,160	–	–	9,160
Disposals	(27,660)	–	–	(27,660)
At December 31, 2019	207,109	9,285	298,327	514,721
Accumulated depreciation:				
At January 1, 2018	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
Depreciation	14,091	1,349	10,370	25,810
Disposals	(27,660)	–	–	(27,660)
At December 31, 2019	195,206	7,683	298,327	501,216
Carrying amounts:				
At December 31, 2018	16,834	2,951	10,370	30,155
At December 31, 2019	11,903	1,602	–	13,505

10 Right-of-use-assets

The Company has taken office space on leases. The average lease term is 4 years (2018 : 2 years).

in SG $

Particulars	Building
Cost:	
At January 1, 2019	–
Additions	1,518,665
At December 31, 2019	1,518,665
Accumulated depreciation:	
At January 1, 2019	–
Depreciation for the year	348,027
At December 31, 2019	348,027
Carrying amount:	
At December 31, 2019	1,170,638
At January 1, 2019	–

11 Subsidiaries

in SG $

Particulars	As at December 31, 2019	2018
Unquoted equity shares, at cost	376,706,073	97,948,138

The subsidiaries of the Company are set out below:

Name of subsidiaries	Country of incorporation and operation	Proportion of ownership interest and voting power held by the Company 2019 %	2018 %	Principal activities
Infosys Middle East FZ-LLC	Middle East	100	100	Information technology application support services
Fluido Oy	Finland	100	100	Salesforce advisor and consulting partner in cloud consulting, implementation and training services
Stater NV	Finland	75	–	Mortgage service provider

Name of subsidiaries	Country of incorporation and operation	Proportion of ownership interest and voting power held by the Company		Principal activities
		2019	2018	
		%	%	
HIPUS Co., Ltd	Japan	81	–	Procurement BPO service
Infosys Compaz Pte. Ltd.	Singapore	60	60	IT services

12 Trade and other payables

in SG $

Particulars	As at December 31,	
	2019	2018
Holding company - trade (Note 5)	39,000	27,010
Related companies - trade (Note 5)	16,976	435,729
Outside parties	295,707	319,591
Accrued expenses	1,015,419	1,497,647
Compensated absences	145,312	249,805
Other payables (1)	23,533	5,592,567
	1,535,947	8,122,349

The average credit period on purchases of goods is 60 days (2018: 60 days). No interest is charged on the outstanding balance.

(1) Included in other payables for the year ended December 31, 2018 was an amount payable to an outside party for the acquisition of Infosys Compaz Pte. Ltd. of $5,563,008 which has been fully paid during the financial year.

Derivative financial instrument

in SG $

Particulars	As at December 31, 2019	
	Assets	Liabilities
Foreign exchange forward contracts:		
Not designated in a hedge accounting relationship	–	476,076
	–	476,076

The Company holds derivative financial instruments such as foreign currency 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 quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

The details in respect of outstanding foreign currency forward contracts in traded currency are as follows:

Outstanding contracts	Average exchange rates		Foreign currency		Contract value		Fair value	
	2019	2018	2019	2018	2019	2018	2019	2018
			FC'000	FC'000	$'000	$'000	$	$
Buy Japanese Yen	0.012	–	3,194,000	–	40,185	–	449,756	–
Buy EURO	1.518	–	7,000	–	10,626	–	26,320	–

13 Loan from holding company and related company

in SG $

Particulars	As at December 31,	
	2019	2018
Holding company (Note 5)	74,340,672	79,518,465
Subsidiary (Note 5)	40,144,359	–
	114,485,031	79,518,465

The loan from holding company is denominated in Singapore dollar, bears interest at 3% per annum (2018 : 3% per annum), is unsecured and repayable on demand.

The loan from subsidiary 'Hipus Co. Ltd.' is denominated in Japanese Yen, bears interest at 0.35% per annum, is unsecured and repayable on demand.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statements of cash flows as cash flows from financing activities.

in SG $

Particulars	December 31, 2018	January 1, 2019	New lease liabilities	Financing cash flow [1]	Conversion to redeemable preference shares [2]	Other changes [3]	December 31, 2019
(a) Loans from holding company	(79,518,465)	(79,518,465)	–	(241,134,000)	249,200,000	(2,888,207)	(74,340,672)
(b) Loan from subsidiary	–	–	–	(40,115,676)	–	(28,683)	(40,144,359)
(c) Lease liabilities (Note 21)	–	–	(1,518,665)	359,370	–	(19,765)	(1,179,060)
	(79,518,465)	(79,518,465)	(1,518,665)	(280,890,306)	249,200,000	(2,936,655)	(115,664,091)

[1] The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

[2] During the year, loan of $ 249,200,000 has been converted into redeemable preference shares. (Refer Note 15 for terms and conditions of redeemable preference shares)

[3] Other changes include interest accruals and payments.

in SG $

	January 1, 2018	Financing cash flow (i)	Other changes (iii)	December 31, 2018
(a) Loans from holding company	–	(79,000,000)	(518,465)	(79,518,465)
(b) Loan from subsidiary	(1,861,343)	1,892,806	(31,463)	–
	(1,861,343)	(77,107,194)	(549,928)	(79,518,465)

14 Contingent consideration

in SG $

Particulars	2019	2018
Current:		
Contingent consideration payable - Fluido Oy[(1)]	5,981,926	1,430,624
Non-current:		
Contingent consideration payable - Fluido Oy[(1)]	3,328,969	9,388,236
Contingent consideration payable - Infosys Compaz[(2)]	4,549,520	4,549,520
Interest payable on contingent consideration - Fluido Oy	1,610,090	355,325
Interest payable on contingent consideration - Infosys Compaz	570,646	65,816
	10,059,225	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 ($18.7 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. $18,700,000 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 (Note 11) and contingent consideration of $7 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.

15 Share capital and redeemable preference shares

Particulars	2019	2018	2019	2018
	Number of shares		$	$
Issued and paid up:				
i) Ordinary shares: At beginning and end of year	10,990,000	10,990,000	10,990,000	10,990,000
ii) Preference shares:				
At beginning and end of year	249,200,000	–	249,200,000	–
Total equity			260,190,000	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.

The main features of the redeemable preference shares are as follows:

1. They may be redeemed wholly or partially only by the Company by giving no less than fourteen (14) days' notice to holders of the preference shares.
2. In the event of dividend being declared, which is solely at the discretion of the Company, holders of the preference shares are entitled to receive, prior and in preference to the holders of ordinary shares, a preferential dividend at the rate of 4% per annum based on the issue price of the redeemable preference shares. These dividend are cumulative in nature and the Company shall not pay dividend in respect of ordinary shares unless all accumulated balances declared in respect of the preference shares has been fully paid.
3. They have preference in return of capital upon liquidation of the Company.

16 Revenue

in SG $

Particulars	As at December 31,	
	2019	2018
Type of goods or service		
Provision of IT support services	11,778,022	15,688,814
Timing of revenue recognition		
Over time	11,778,022	15,688,814

There are no performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period.

17 Other income

in SG $

Particulars	As at december 31,	
	2019	2018
Dividend from subsidiary (Note 5)	19,475,859	–
Interest received from loan to subsidiary (Note 5)	1,208	–
Management fee income (Note 5)	204,412	241,760
Miscellaneous income	132,535	46,229
	19,814,014	287,990

18 Finance costs

in SG $

Particulars	As at December 31,	
	2019	2018
Interest expense:		
Loan from related company (Note 5)	7,694,507	551,150
Interest expense on lease liabilities	19,765	–
Interest on contingent consideration	2,112,523	425,545
Interest on redemption liability	–	129,008
	9,826,795	1,105,703

19 Income tax (benefit) expense

in SG $

Particulars	As at December 31,	
	2019	2018
Income tax recognized in profit or loss:		
Withholding tax	(64,117)	153,809

Domestic income tax is calculated at 17% (2018 : 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	As at December 31,	
	2019	2018
Profit before income tax	10,411,427	53,086
Income tax expense calculated at 17%	1,769,943	9,025
Exempt income	(3,310,896)	–
Non-deductible expenses	5,404	12,821
Effects of deferred tax benefits not recognised as deferred tax assets	1,553,175	–
Utilisation of previously unrecognised tax benefit	–	(21,846)
Withholding tax	13,273	153,809
Overprovision in prior years	(77,390)	–
Others	(17,626)	–
	(64,117)	153,809

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, 2018	7,380,637	–	7,380,637
Utilized during the year	(128,503)	–	(128,503)
At December 31, 2018	7,252,134	–	7,252,134
Arising during the year	9,136,325	–	9,136,325
At December 31, 2019	16,388,459	–	16,388,459

in SG $

	As at December 31,	
	2019	2018
Deferred tax benefit on above unrecorded at 17%	2,786,038	1,232,863

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.

20 Profit for the year

Other than as disclosed in other notes to the financial statements, profit before income tax includes the following charges:

in SG $

Particulars	As at December 31,	
	2019	2018
Directors' remuneration	384,742	465,131
Employee benefits expense (including directors' remuneration):	6,603,125	7,620,225
Cost of defined contributions plans included in employee benefits expense	279,794	318,671
	6,882,919	7,938,896

21 Lease liabilities (Disclosure required under FRS 116)

in SG $

Particulars	2019
Maturity analysis:	
Year 1	392,040
Year 2	392,040
Year 3	392,040
Year 4	32,670
	1,208,790
Less: Unearned interest	(29,730)
	1,179,060
Analysed as:	
Current	376,127
Non-current	802,933
	1,179,060

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's treasury function. The weighted average incremental borrowing rate is 1.58% per annum.

22 Operating lease arrangements (The Company as lessee)

At December 31, 2018, the Company had outstanding commitments under non-cancellable operating leases, which fall due as follows:

in SG $

Particulars	2018
Within one year	393,855
Within two to five years	424,710
After five years	–
	818,565

23 Events after the reporting period

(i) The Company has made decision for further investment in Fluido Qy, the wholly owned subsidiary of the Company for an amount of EUR 2.5 million ($3.9 million) to facilitate the payout related to the Management incentive Program which is part of the purchase consideration decided at the time of acquisition.

(ii) Subsequent to the financial year ended December 31, 2019 and up to the date of this report there was a global outbreak of the COVID-19 virus and associated slow-down in global economy. It is not possible to reliably estimate the length or severity of these developments, and hence their financial impact. However, this could have an adverse impact on some of their customers and may affect the Company's results in the future periods. Notwithstanding this, management has assessed that the company is still able to maintain sufficient liquidity to enable the company to continue as a going concern with the financial support from its holding company as disclosed in Note 4 (c)(iv).

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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. 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 the light of these and other uncertainties, you should not conclude that the results or outcomes referred to in any of the forward-looking statements will be achieved. All forward-looking statements included in this Annual Report are based on information 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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