Infosys®

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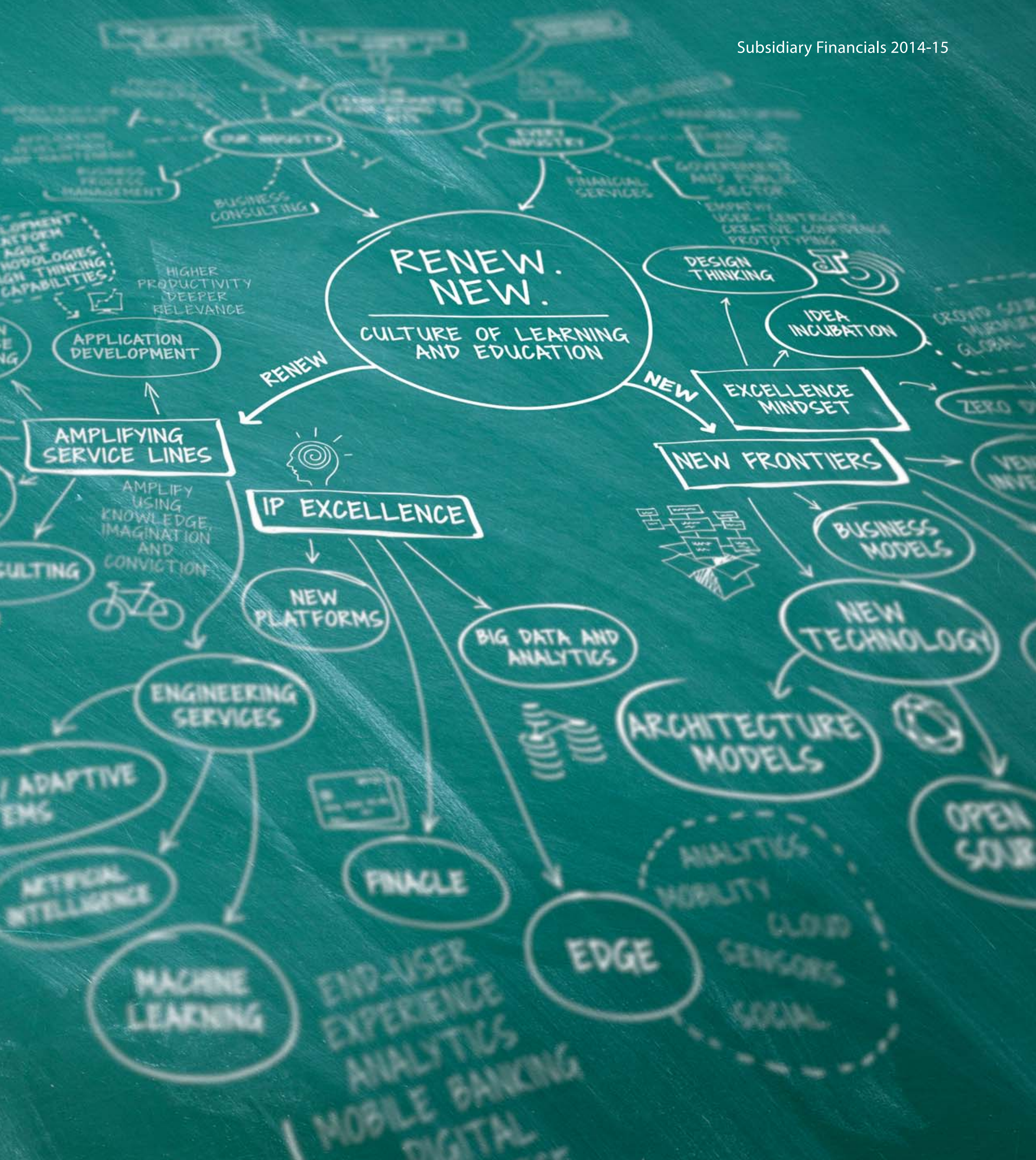
Subsidiary Financials 2014-15



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EdgeVerve Systems Limited

Independent Auditor's Report

To the Members of Edgeverve Systems Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Edgeverve Systems Limited ('the Company'), which comprise the balance sheet as at March 31, 2015, the Statement of Profit and Loss for the period from 14 February 2014 ('date of incorporation') to March 31, 2015 ('the period') and the Cash Flow Statement for the period ended on that date, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015 and its loss and its cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) the balance sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
   (e) on the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and

(f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company did not have any pending litigations that would impact its financial position as at March 31, 2015;

ii. the Company did not have any long-term contracts including derivative contracts, which require a provision for material foreseeable losses as at 31 March 2015; and

iii. The Company did not have amounts that were required to be transferred to the Investor Education and Protection Fund.

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

Akhil Bansal
Partner
Membership number: 090906

Place: Bengaluru
Date: April 17, 2015

Annexure to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the period ended March 31, 2015, we report that:

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

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified every year. In accordance with this programme, fixed assets were verified during the period and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(ii) The Company is a service company, primarily rendering software services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.

(iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Thus, paragraph 3(iii) of the Order is not applicable.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.

(v) The Company has not accepted any deposits from the public.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the period by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

According to the information and explanations given to us, there are no material dues of wealth tax, duty of customs and cess which have not been deposited with the appropriate authorities on account of any dispute.

(c) According to the information and explanations given to us, the Company did not have any dues which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under.

(viii) The Company is not registered for a period not less than five years, thus, paragraph 3(viii) of the order is not applicable.

(ix) The Company did not have any outstanding dues to financial institutions, banks or debenture holders during the period.

(x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xi) The Company did not have any term loans outstanding during the period.

(xii) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

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

Akhil Bansal
Partner
Membership number: 090906

Place: Bengaluru
Date: April 17, 2015

Balance Sheet

in ₹

Particulars	Note	As at March 31, 2015
EQUITY AND LIABILITIES		
SHAREHOLDERS' FUNDS		
Share capital	2.1	4,61,84,00,000
Reserves and surplus	2.2	(70,50,27,449)
		3,91,33,72,551
NON-CURRENT LIABILITIES		
Deferred tax liabilities (net)	2.3	–
Other long-term liabilities	2.4	6,48,29,041
		6,48,29,041
CURRENT LIABILITIES		
Trade payables	2.5	17,40,90,152
Other current liabilities	2.6	30,64,48,079
Short-term provisions	2.7	1,79,20,086
Short-term borrowings	2.8	18,04,77,444
		67,89,35,761
		4,65,71,37,353
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Tangible assets	2.9	8,84,53,646
Intangible assets	2.9	3,71,19,79,532
		3,80,04,33,178
Deferred tax assets (net)	2.3	–
Long-term loans and advances	2.10	9,10,17,773
		3,89,14,50,951
CURRENT ASSETS		
Trade receivables	2.11	4,43,35,436
Cash and cash equivalents	2.12	9,79,90,059
Short-term loans and advances	2.13	62,33,60,907
		76,56,86,402
		4,65,71,37,353
SIGNIFICANT ACCOUNTING POLICIES	1	

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

As per our report of even date attached
for B S R & Co. LLP
Chartered Accountants
Firm's Registration Number:101248W / W-100022

for EdgeVerve Systems Limited

Akhil Bansal
Partner
Membership No: 090906

Sandeep Dadlani
Chairman of the Board

Sanjay Purohit
Chief Executive Officer

Samson David
Director

Srinivasan Rajam
Director

Rajiv Bansal
Director

Bengaluru
April 17, 2015

Prem Pereira
Chief Financial Officer

Sudhir Shridhar Gaonkar
Company Secretary

Statement of Profit and Loss

in ₹

Particulars	Note	Period from February 14, 2014 to March 31, 2015
Income from software services and products	2.15	1,47,73,43,061
Other income	2.16	6,72,846
Total revenue		1,47,80,15,907
Expenses		
Employee benefit expenses	2.17	62,94,34,139
Cost of technical sub-contractors	2.17	47,20,95,211
Travel expenses	2.17	44,5,98,350
Cost of software packages and others	2.17	29,94,33,987
Communication expenses	2.17	17,5,06,436
Professional charges		7,53,53,508
Depreciation and amortization expense	2.9	44,71,50,933
Other expenses	2.17	19,74,70,792
Total expenses		2,18,30,43,356
LOSS BEFORE TAX		(70,50,27,449)
Tax expense		
Current tax		–
Deferred tax		–
LOSS FOR THE PERIOD		(70,50,27,449)
EARNINGS PER EQUITY SHARE		
Equity shares of par value ₹10/- each		
Basic		(3.39)
Diluted		(3.39)
Number of shares used in computing earnings per share	2.27	
Basic		20,78,96,740
Diluted		20,78,96,740
SIGNIFICANT ACCOUNTING POLICIES	1	

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

As per our report of even date attached

for B S R & Co. LLP
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for EdgeVerve Systems Limited

Akhil Bansal
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April 17, 2015

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Chief Financial Officer

Sudhir Shridhar Gaonkar
Company Secretary

Cash Flow Statement

in ₹

Particulars	Note	Period from February 14, 2014 to March 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax		(70,50,27,449)
Adjustments to reconcile loss before tax to cash generated by operating activities		
Depreciation and amortization expense		44,71,50,933
Interest income		(10,66,740)
Dividend Income		(18,776)
Interest expense		25,01,236
Changes in assets and liabilities		
Trade receivables		(4,43,35,436)
Loans and advances and other assets		(65,48,86,792)
Liabilities and provisions		49,19,59,664
		(46,37,23,360)
Income taxes paid		–
NET CASH USED IN OPERATING ACTIVITIES		(46,37,23,360)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment towards capital expenditure		(2,70,90,999)
Investment in mutual fund Units		1,50,00,000
Disposal of mutual fund Units		(1,50,00,000)
Dividend received		18,776
Interest and dividend received		8,09,434
NET CASH USED IN INVESTING ACTIVITIES		(2,62,62,789)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan from parent		30,00,00,000
Loan repayment to parent		(12,00,00,000)
Interest expense		(20,23,792)
Proceeds from issuance of share capital		41,00,00,000
NET CASH PROVIDED BY FINANCING ACTIVITIES		58,79,76,208
Effect of exchange differences on translation of foreign currency cash and cash equivalents		–
NET INCREASE IN CASH AND CASH EQUIVALENTS		9,79,90,059
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		–
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		9,79,90,059
SIGNIFICANT ACCOUNTING POLICIES	1	

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

As per our report of even date attached

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

for EdgeVerve Systems Limited

Akhil Bansal
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Bengaluru
April 17, 2015

Prem Pereira
Chief Financial Officer

Sudhir Shridhar Gaonkar
Company Secretary

Significant accounting policies

Company overview

EdgeVerve Systems Limited is a wholly-owned subsidiary of Infosys Limited. The Company defines, develops and operates innovative cloud-hosted business platforms and software products and offer them as 'pay-as-you-use' services.

1 Significant accounting policies

1.1 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 2013 (to the extent notified).

1.2 Use of estimates

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

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

1.3 Revenue recognition

Revenue is primarily derived from software development and related services and from the licensing of software products. Arrangements with customers for software development and related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price and fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized based upon the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Cost and earnings in excess of billings are classified as unbilled revenue while billings in excess of cost and earnings is classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

Annual Technical Services revenue and revenue from fixed-price maintenance contracts are recognized ratably over the period in which services are rendered. Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license, except in case of multiple element contracts, which require significant implementation services, where revenue for the entire arrangement is recognized over the implementation period based upon the percentage-of-completion method. Revenue from client training, support and other services arising due to the sale of software products is recognized as the related services are performed.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount / incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts using a cumulative catch-up approach. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

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

Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sale price and carrying value of the investment. Lease rentals are recognized ratably on a straight line basis over the lease term. Interest is recognized using the time-proportion method, based on rates implicit in the transaction. Dividend income is recognized when the Company's right to receive dividend is established.

1.4 Provisions and contingent liabilities

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

1.5 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 Statement of Profit and Loss. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions.

1.6 Tangible assets and capital work-in-progress

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

1.7 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 development costs are expenses 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. Intangible assets are measured over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available for its use.

1.8 Depreciation and amortization

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

1.9 Impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.10 Retirement benefits to employees

Gratuity

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

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation at each Balance Sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to the EdgeVerve Systems Limited Employees Gratuity Fund Trust (the Trust). Trustees administer contributions made to the Trust and contributions are invested in specific investments as permitted by the law. The Company recognizes the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with Accounting Standard (AS) 15, 'Employee Benefits'. The Company's overall expected long-term rate-of-return on assets has been determined based on consideration of available market information, current provisions of Indian law specifying the instruments in which investments can be made, and historical returns. The discount rate is based on the Government securities yield. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the Statement of Profit and Loss in the period in which they arise.

Superannuation

Certain employees of EdgeVerve are also participants in the EdgeVerve Systems Limited Employees Superannuation Fund Trust ('the Plan') which is a defined contribution plan. The Company has no obligations to the Plan beyond its monthly contributions.

Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to this provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a Government administered provident fund. The Company has no further obligations under the provident fund plan beyond its monthly contributions.

Compensated absences

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

1.11 Foreign currency transactions

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

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

1.12 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognized as an asset in the Balance Sheet if there is convincing evidence that the Company will pay normal tax after the tax holiday period and the resultant asset can be measured reliably. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

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

1.13 Earnings per share

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

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

1.14 Investments

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current or long-term based on Management's intention. Current investments are carried at the lower of cost and fair value of each investment individually. Cost for overseas investments comprises the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Long-term investments are carried at cost less provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

1.15 Cash and cash equivalents

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

1.16 Cash flow statement

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

1.17 Leases

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

2 Notes to accounts for the period ended March 31, 2015

Amounts in the financial statements are presented in ₹, except for per share data and as otherwise stated. All exact amounts are stated with the suffix "/-".

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at March 31, 2015
Authorized	
Equity shares, ₹ 10/- par value	
47,00,00,000 equity shares	4,70,00,00,000
Issued, subscribed and paid-up	
Equity shares, ₹ 10/- par value	4,61,84,00,000
46,18,40,000 equity shares (1)	
	4,61,84,00,000

(1) *The Company has allotted 42,18,40,000 fully-paid-up equity shares of face value ₹10/- each during the year pursuant to a Business Transfer Agreement entered into with the holding company "Infosys Limited" for consideration other than cash.*

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

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

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

Name of the shareholder	As at March 31, 2015	
	No. of shares	% held
Infosys Limited (Equity shares of ₹10/- fully paid up held by holding company)	46,18,39,994	100.00%

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

in ₹

Particulars	As at March 31, 2015	
	No. of shares	Amount
Number of shares at the beginning of the period	–	–
Add: Shares issued	46,18,40,000	4,61,84,00,000
Number of shares at the end of the period	46,18,40,000	4,61,84,00,000

Shares held by holding Company

Equity shares of ₹ 10/- fully paid up held by:

in ₹

Particulars	As at March 31, 2015	
	No. of shares	Amount
Infosys Limited	46,18,39,994	4,61,83,99,940

2.2 Reserves and surplus

in ₹

Particulars	As at March 31, 2015
Opening balance	–
Add: Net loss transferred from Statement of Profit and Loss	(70,50,27,449)
Total Reserves and Surplus	(70,50,27,449)

2.3 Deferred taxes

in ₹

Particulars	As at March 31, 2015
Deferred tax assets	
Other assets	99,00,000
	99,00,000
Deferred tax liabilities	
Fixed assets	99,00,000
	99,00,000
Deferred tax assets after set off	–
Deferred tax liabilities after set off	–

Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

In accordance with the explanation to AS-22 "Accounting for taxes on Income" deferred tax assets in situations of carry forward losses have been recognized to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which deferred tax asset will be realized.

2.4 Other long-term liabilities

in ₹

Particulars	As at March 31, 2015
Long-term employee bonus	–
Gratuity obligation	6,48,29,041
Rental deposits received from subsidiary *(Refer to Note 2.23)*	–
	6,48,29,041

2.5 Trade payables

in ₹

Particulars	As at March 31, 2015
Trade payables	17,40,90,152
	17,40,90,152
Includes dues to holding company *(Refer to Note 2.21)*	14,31,79,110

2.6 Other current liabilities

in ₹

Particulars	As at March 31, 2015
Accrued salaries and benefits	
Salaries and benefits	2,36,428
Bonus and incentives	7,01,94,777
Other liabilities	
Provision for expenses	4,78,13,638
Withholding and other taxes payable	4,43,70,882
Other payables [1]	14,38,32,354
	30,64,48,079
[1] *Includes dues to holding company (Refer to Note 2.21)*	14,33,23,922

2.7 Short-term provisions

in ₹

Particulars	As at March 31, 2015
Provision for employee benefits	
Unavailed leave	1,79,20,086
	1,79,20,086

2.8 Short- term borrowings

in ₹

Particulars	As at March 31, 2015
Loans from related party	
Unsecured Loan	18,04,77,444
	18,04,77,444

The loan from Infosys Limited, holding company was taken during financial year 2014-15 and carries a interest rate at the rate of 8.67% p.a. This loan is repayable on demand.

2.9 Fixed assets

in ₹ except as otherwise stated

Particulars	Original cost				Depreciation and amortization				Net book value
	As at February 14, 2014	Additions / adjustments during the period	Deductions / retirement during the period	As at March 31, 2015	As at February 14, 2014	For the period	Deductions / adjustments during the period	As at March 31, 2015	As at March 31, 2015
Tangible assets									
Computer equipment	–	12,70,47,979	–	12,70,47,979	–	3,85,94,333	–	3,85,94,333	8,84,53,646
	–	12,70,47,979	–	12,70,47,979	–	3,85,94,333	–	3,85,94,333	8,84,53,646
Intangible assets									
Goodwill	–	2,803,908,132	–	2,80,39,08,132	–	30,06,93,084	–	30,06,93,084	2,50,32,15,048
Capital Contracts		30,060,000	–	30,060,000	–	1,12,82,795	–	1,12,82,795	1,87,77,205
Technology	–	1,28,65,68,000	–	1,28,65,68,000	–	9,65,80,721	–	9,65,80,721	1,18,99,87,279
	–	4,12,05,36,132	–	4,12,05,36,132	–	40,85,56,600	–	40,85,56,600	3,71,19,79,532
Total	–	4,24,75,84,111	–	4,24,75,84,111	–	44,71,50,933	–	44,71,50,933	3,80,04,33,178

Refer to Note 2.30 for the list of assets acquired.

The estimated useful life is as under:

Computer Equipment	3-5 years
Goodwill	7 years
Capital Contracts	2 years
Technology	10 years

2.10 Long-term loans and advances

in ₹

Particulars	As at March 31, 2015
Unsecured, considered good	
Other deposit	1,25,000
Other loans and advances	
TDS Receivable	9,08,92,773
	9,10,17,773

2.11 Trade receivables

in ₹

Particulars	As at March 31, 2015
Debts outstanding for a period exceeding six months	
Unsecured	
Considered doubtful	–
Less: Provision for doubtful debts	–
	–
Other debts	
Unsecured	
Considered good [(1)]	4,43,35,436
Considered doubtful	–
	4,43,35,436
Less: Provision for doubtful debts	–
	4,43,35,436
	4,43,35,436
[(1)] Includes dues from fellow subsidiaries *(Refer to Note 2.21)*	4,43,35,436

2.12 Cash and cash equivalents

in ₹

Particulars	As at March 31, 2015
Balances with bank	–
In current and deposit accounts	9,79,90,059
	9,79,90,059
Deposit accounts with more than 12 months maturity	20,00,000
Balance with banks held as margin money deposit against guarantees	41,50,000

Cash and cash equivalents as of March 31, 2015 include restricted bank balances of ₹ 41,50,000. The restrictions are primarily on account of bank balances held as margin money deposits against guarantees.

The deposits maintained by the Company with bank comprises 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 date with banks are as follows:

in ₹

Particulars	As at March 31, 2015
In current account	
ICICI Bank, India	6,69,83,973
ICICI Bank-EEFC (U.S. Dollar account)	2,56,25,953
State Bank of India	12,30,133
	9,38,40,059

in ₹

Particulars	As at March 31, 2015
In deposit account	
ICICI Bank	41,50,000
	41,50,000
Total cash and cash equivalents	9,79,90,059

2.13 Short-term loans and advances

in ₹

Particulars	As at March 31, 2015
Unsecured, considered good	
Others	
Advances	
Prepaid expenses	7,13,420
For supply of goods and rendering of services	5,14,19,175
Withholding and other taxes receivable	3,19,27,831
Others [(1)]	8,72,46,336
	17,13,06,762
Restricted deposits *(Refer to Note 2.28)*	1,98,75,468
Unbilled revenues [(2)]	43,13,49,127
Interest accrued but not due	2,57,311
Loans and advances to employees	
Salary advances	5,72,239
	62,33,60,907
[(1)] *Includes dues from holding company / fellow subsidiaries (Refer to Note 2.21)*	8,73,00,565
[(2)] *Includes dues from holding company / fellow subsidiaries (Refer to Note 2.21)*	43,13,49,127

2.14 Leases

The lease rentals charged during the period is as follows:

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
Lease rentals recognized during the period	4,18,71,067

2.15 Income from software services and products

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
Income from software services and products	1,47,73,43,061
	1,47,73,43,061

2.16 Other income

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
Interest on deposits with bank	10,66,740
Dividend received on investment in mutual fund units	18,776
Miscellaneous income	24,34,025
Gains / (losses) on foreign currency, net	(28,46,695)
	6,72,846

2.17 Expenses

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
Employee benefit expenses	
Salaries and bonus including overseas staff expenses	55,74,28,786
Contribution to provident and other funds	6,55,05,292
Staff welfare	65,00,061
	62,94,34,139
Cost of technical sub-contractors	
Technical sub-contractors–holding company	46,42,28,258
Technical sub-contractors–others	78,66,953
	47,20,95,211
Travel expenses	
Overseas travel expenses	3,67,61,517
Travelling and conveyance	78,36,833
	4,45,98,350
Cost of software packages and others	
For own use	29,14,47,468
Third party items bought for service delivery to clients	79,86,519
	29,94,33,987
Communication expenses	
Telephone charges	28,93,693
Communication expenses	1,46,12,743
	1,75,06,436
Other expenses	
Office maintenance	2,29,52,567
Rent	4,18,71,067
Printing and Stationery	1,25,737
Rates and taxes, excluding taxes on income	2,87,44,805
Membership Fees	9,03,740
Computer maintenance	6,44,10,043
Consumables	6,53,906
Commission to non-whole time directors	6,00,000
Statutory audit fees	5,00,000
Bank charges and commission	2,10,487
Others	3,64,98,440
	19,74,70,792

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

There were no contingent liabilities as at March 31, 2015.

Commitments

in ₹

Estimated amount of unexecuted capital contracts	
(Net of advances and deposits)	55,10,826

2.19 Imports (valued on the cost, insurance and freight basis)

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
Capital goods	1,34,73,500
	1,34,73,500

2.20 Activity in foreign currency

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
Earnings in foreign currency	
Income from software services and products	1,46,47,09,803
Expenditure in foreign currency	
Overseas travel expenses (including visa charges)	72,44,204
Professional charges	39,51,454
Other expenditure incurred overseas for software development	14,64,30,238
	15,76,25,896
	(15,76,25,896)

2.21 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at March 31, 2015
Infosys Limited	India	100%

Name of fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Mexico	Mexico
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Brasil	Brazil
Infosys Public Services, Inc.	U.S.
Infosys Americas	U.S.
Infosys BPO s.r.o	Czech Republic
Infosys BPO (Poland) Sp. z o.o.	Poland
Infosys McCamish Systems LLC (formerly known as McCamish Systems LLC)	U.S.
Portland Group Pty Ltd	Australia
Infosys BPO S de R.L. de C. V.	Mexico
Infosys Australia	Australia
Lodestone Holding AG	Switzerland
Lodestone Management Consultants Inc.	U.S.
Lodestone Management Consultants Pty. Limited	Australia
Lodestone Management Consultants AG	Switzerland
Lodestone Augmentis AG	Switzerland
Hafner Bauer and Ödman GmbH	Switzerland
Lodestone Management Consultants (Belgium) S.A.	Belgium
Lodestone Management Consultants GmbH	Germany
Lodestone Management Consultants Pte Limited	Singapore
Lodestone Management Consultants SAS	France
Lodestone Management Consultants s.r.o.	Czech Republic
Lodestone Management Consultants GmbH	Austria
Lodestone Management Consultants China Co., Ltd.	China
Lodestone Management Consultants Ltd.	U.K.
Lodestone Management Consultants BV	Netherlands
Lodestone Management Consultants Ltda.	Brazil
Lodestone Management Consultants sp. z o.o.	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA	Portugal
SC Lodestone Management Consultants S.R.L.	Romania
Infosys Canada Public Services Ltd. (1)	Canada
Infosys Nova Holdings LLC (2)	U.S.

Name of fellow subsidiaries	Country
Panaya Inc. [3]	U.S.
Panaya Ltd. [4]	Israel
Panaya Gmbh [4]	Germany
Panaya Pty Ltd.[4]	Australia
Panaya Japan Co. Ltd.[4]	Japan
Lodestone Management Consultants S.R.L.	Argentina

[1] *Incorporated effective December 19, 2014*
[2] *Incorporated effective January 23, 2015*
[3] *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
[4] *Wholly-owned subsidiary of Panaya Inc.*

Name of Associates	Country
DWA Nova LLC [1]	U.S.

[1] *Associates of Infosys Nova Holdings LLC.*

List of other related party

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

List of key management personnel

Whole-time directors

Sanjay Purohit, *Chief Executive Officer and Managing Director* (with effect from July 08, 2014)

Samson David, *Chief Operating Officer* (with effect from July 08, 2014)

Executive Officers

Prem Pereira, Chief Financial Officer

Sudhir Shridhar Gaonkar, *Company Secretary* (appointed with effect from January 12, 2015)

Parvatheesam K., *Company Secretary* (resigned with effect from January 10, 2015)

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

in ₹

Particulars	As at March 31, 2015
Trade Receivables	
Infosys Limited	–
Infosys BPO	4,43,35,436
	4,43,35,436
Unbilled	
Infosys Limited	37,07,78,561
Infosys BPO	2,74,42,356
Infosys Public Services Inc.	3,31,28,210
	43,13,49,127
Other receivables	
Infosys Limited	8,60,28,426
Infosys BPO	12,72,139
	8,73,00,565
Trade payables	
Infosys Limited	14,31,79,110
	14,31,79,110

Particulars	As at March 31, 2015
Loan from Parent	
Infosys Limited	18,04,77,444
	18,04,77,444
Other payables	
Infosys Limited	14,33,23,922
	14,33,23,922

The details of the related party transactions entered into by the Company, for the quarter and period ended March 31, 2015 are as follows:

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
Capital transactions:	
Financing transactions	
Capital Infusion by Parent	
Infosys Limited	4,61,84,00,000
	4,61,84,00,000
Loans Received from Parent	
Infosys Limited	30,00,00,000
	30,00,00,000
Loans Repaid to Parent	
Infosys Limited	12,00,00,000
	12,00,00,000
Fixed Asset Purchase from Parent	
Infosys Limited	24,88,589
	24,88,589
Revenue transactions:	
Purchase of services	
Infosys Limited	46,42,28,258
Purchase of shared services including facilities and personnel	25,51,52,010
	71,93,80,268
Interest Expense	
Infosys Limited	25,01,236
	25,01,236
Sale of services	
Infosys Limited	1,34,77,49,373
Infosys Public Services, Inc.	3,77,59,511
Infosys BPO (including subsidiaries)	9,18,34,177
	1,47,73,43,061
Sale of shared services including facilities and personnel	
Infosys BPO (including subsidiaries)	–

The table below describes the compensation to key managerial personnel:

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
Salaries and other employee benefits to whole-time directors and executive officers	3,01,03,589
Commission and other benefits to non-executive / independent directors	6,00,000
Total	3,07,03,589

2.22 Research and development expenditure

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
R&D Expenditure	
Capital Expenditure	–
Revenue Expenditure	65,94,60,236

2.23 Segment reporting

The Company's operations predominantly relate to providing end-to-end business solutions thereby enabling clients to enhance business performance, delivered to customers globally operating in various industry segments. The Chief Executive Officer evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes and geographic segmentation of customers. Accordingly, segment information has been presented both along industry classes and geographic segmentation of customers, industry being the primary segment. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

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

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Allocated expenses of segments include expenses incurred for rendering services from the Company's offshore software development centers and on-site expenses, which are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. Management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as 'unallocated' and adjusted against the total income of the Company.

Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made. Geographical information on revenue and industry revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

Industry segments

Period from February 14, 2014 to March 31, 2015

in ₹

Particulars	FSI	MFG	ECS	RCL	LSH	Total
Income from software services and products	54,79,24,796	8,57,63,598	33,87,50,799	33,09,79,019	17,39,24,849	1,47,73,43,061
Identifiable operating expenses	6,79,90,188	1,32,93,666	1,31,03,806	1,71,90,007	9,59,302	11,25,36,969
Allocated expenses	52,64,51,835	7,60,33,292	41,78,62,678	39,84,94,953	20,20,11,459	1,62,08,54,217
Segmental operating income	(4,65,17,227)	(35,63,360)	(9,22,15,685)	(8,47,05,941)	(2,90,45,912)	(25,60,48,125)
Unallocable expenses						4,496,52,170
Other income						6,72,846
Profit before tax						(70,50,27,449)
Tax expense						–
Profit after taxes and exceptional item						(70,50,27,449)

Geographic Segments

Period from February 14, 2014 to March 31, 2015

in ₹

Particulars	North America	Europe	India	Rest of the World	Total
Income from software services and products	79,97,16,558	21,93,55,288	1,26,33,258	44,56,37,957	14,7,73,43,061
Identifiable operating expenses	7,80,25,788	66,66,014	16,61,479	2,61,83,687	11,25,36,968
Allocated expenses	81,09,15,861	24,01,89,260	1,46,78,163	555,070,934	16,20,8,54,218
Segmental operating income	(8,92,25,091)	(2,74,99,986)	(37,06,384)	(135,616,664)	(25,60,48,125)
Unallocable expenses					44,96,52,168
Other income, net					6,72,844
Profit before tax					(70,50,27,449)
Tax expense					–
Profit after taxes and exceptional item					(70,50,27,449)

2.24 Gratuity plan

The following table set out the status of the Gratuity Plan as required under AS 15.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation and plan assets :

in ₹

Particulars	
Obligations at year beginning	
Service cost	63,48,201
Interest cost	33,01,736
Transfer of obligation [(1)]	5,27,45,341
Actuarial loss	2,83,10,183
Benefits paid	–
Obligations at year / period end	9,07,05,461
Change in plan assets	
Plan assets at year beginning, at fair value	–
Expected return on plan assets	8,60,938
Actuarial gain	(84,519)
Contributions	2,51,00,000
Benefits paid	–
Plan assets at year / period end, at fair value	2,58,76,419
Reconciliation of present value of the obligation and the fair value of the plan assets:	
Fair value of plan assets at the end of the year / period	2,58,76,419
Present value of the defined benefit obligations at the end of the year / period	9,07,05,461
Reimbursement Asset	6,58,92,944
Asset recognized in the balance sheet	10,63,902
Assumptions	
Interest rate	7.80%
Estimated rate of return on plan assets	9.50%
Weighted expected rate of salary increase	10%

[(1)] *During the period ended an obligation of ₹.6,46,20,805 was transferred from Infosys Limited towards the settlement of gratuity liability of the employees transferred to the Company.*

Net gratuity cost for the quarter ended March 31, 2015 and period from February 14, 2014 to March 31, 2015 comprises of the following components:

in ₹

Particulars	Period from February 14, 2014 to March 31 2015
Gratuity cost for the period	
Service cost	63,48,201
Interest cost	33,01,736
Expected return on plan assets	(8,60,938)
Actuarial loss	2,83,94,701
Net gratuity cost	3,71,83,700
Actual return on plan assets	7,76,419

Gratuity cost, as disclosed above, is included under Employee benefit expenses and is segregated between software development expenses, selling and marketing expenses and general and administration expenses on the basis of number of employees.

As at March 31, 2015, the plan assets have been primarily invested in government securities. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

2.25 Provident fund

The Company contributed ₹ 1,77,89,201 for period ended March 31, 2015 towards provident fund.

2.26 Superannuation

The Company contributed ₹ 88,10,583 for period ended March 31, 2015 towards superannuation fund.

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

Particulars	Period from February 14, 2014 to March 31, 2015
Number of shares considered as basic weighted average shares outstanding	20,78,96,740
Add: Effect of dilutive issues of shares	–
Number of shares considered as weighted average shares and potential shares outstanding	20,78,96,740

2.28 Restricted deposits

Deposits with financial institutions as at March 31, 2015 include ₹ 1,98,75,468 deposited with Financial Institution to settle employee-related obligations as and when they arise during the normal course of business.

2.29 Function-wise classification of Statement of Profit and Loss

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
Income from software services and products	1,47,73,43,061
Software development expenses	1,38,99,80,309
GROSS PROFIT	8,73,62,752
Selling and marketing expenses	3,67,20,548
General and administration expenses	30,91,91,565
	34,59,12,113
OPERATING LOSS BEFORE DEPRECIATION	(25,85,49,361)
Depreciation and amortization	44,71,50,933
OPERATING LOSS	(70,57,00,294)
Other income	6,72,845
LOSS BEFORE TAX	(70,50,27,449)
Tax expense:	
Current tax	–
Deferred tax	–
LOSS FOR THE PERIOD	(70,50,27,449)

2.30 Transfer of business from Infosys Limited

On April 11, 2014, the Board of Directors of EdgeVerve authorized the Company to execute a Business Transfer Agreement and related documents with Infosys, subject to securing the requisite approval from shareholders in the Annual General Meeting.

Infosys has undertaken an enterprise valuation by an independent valuer and accordingly the business has been transferred for a consideration of US $70 million (₹420.84 crore) with effect from July 1, 2014. EdgeVerve undertook a purchase price allocation carried out by an independent valuer based on which certain intangible assets were identified. The consideration has been settled through issue of fully paid-up shares in EdgeVerve.

Net assets taken over

in ₹

Particulars	Amount
Fixed Assets	7,71,32,882
Intangible asset – Capital contracts	3,00,60,000
Intangible asset – Technology	1,28,65,68,000
Reimbursement asset (on account of employee benefit obligation taken over)	59,234,578
Employee benefit obligation – Gratuity	(4,85,03,592)
Goodwill	2,80,39,08,132
Total consideration in shares	4,20,84,00,000

2.31 These financial statements are prepared for the period February 14, 2014 (date of incorporation) to March 31, 2015.

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

As per our report of even date attached
for B S R & Co. LLP
Chartered Accountants
Firm's Registration Number: 101248W / W-100022

for EdgeVerve Systems Limited

Akhil Bansal
Partner
Membership Number: 090906

Sandeep Dadlani
Chairman of the Board

Sanjay Purohit
Chief Executive Officer

Samson David
Director

Srinivasan Rajam
Director

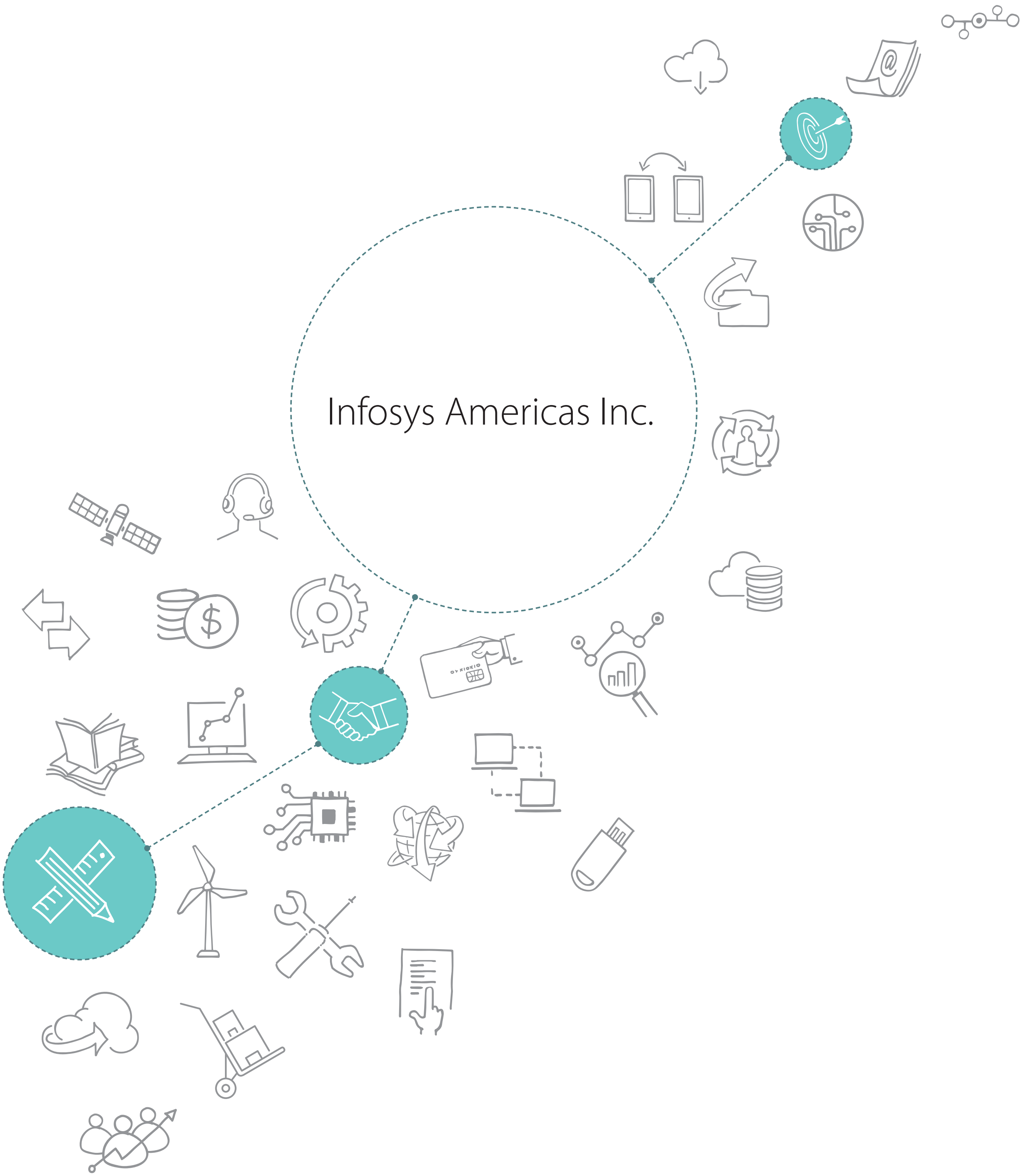
Rajiv Bansal
Director

Bengaluru
April 17, 2015

Prem Pereira
Chief Financial Officer

Sudhir Shridhar Gaonkar
Company Secretary

Infosys Americas Inc.



Independent Auditors' Report

To the Members of Infosys America Inc.

Report on the standalone financial statements

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015 and its loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, We report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

For Shenoy & Kamath
Chartered accountants,
Firm's Registration Number: 006673S

Place: Bengaluru
Date: April 17, 2015

M. Rathnakar Kamath
Partner
Membership Number: 202841

Balance Sheet

in ₹

Particulars	Note	As at March 31,	
		2015	2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	62,61,000	62,61,000
Reserves and surplus	2.2	(2,11,141)	(2,82,659)
		60,49,859	59,78,341
CURRENT LIABILITIES			
Other current liabilities	2.3	46,000	–
		46,000	–
		60,95,859	59,78,341
ASSETS			
NON-CURRENT ASSETS			
Long-term loans and advances	2.4	46,000	–
		46,000	–
CURRENT ASSETS			
Cash and cash equivalents	2.5	60,49,859	59,78,341
		60,49,859	59,78,341
		60,95,859	59,78,341
SIGNIFICANT ACCOUNTING POLICIES	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

Sandeep Dadlani
Chairman

Manish Tandon
Director

Bengaluru
April 17, 2015

Statement of Profit and Loss

in ₹, except per share data

Particulars	Note	Year ended March 31, 2015	Year ended March 31, 2014
Income from software services and products		–	–
Other income		–	–
Total revenue		–	–
Expenses			
Professional charges		1,32,814	–
Other expenses	2.6	47,686	15,209
Total expenses		1,80,500	15,209
PROFIT BEFORE TAX		(1,80,500)	(15,209)
Tax expense:			
Current tax		–	–
Deferred tax		–	–
PROFIT FOR THE PERIOD		(1,80,500)	(15,209)
EARNINGS PER EQUITY SHARE			
Equity shares of par value USD 10/- each			
Basic		(18.1)	(1.5)
Diluted		(18.1)	(1.5)
Number of shares used in computing earnings per share	2.8		
Basic		10,000	10,000
Diluted		10,000	10,000
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Sandeep Dadlani
Chairman

Manish Tandon
Director

Bengaluru
April 17, 2015

Cash Flow Statement

in ₹

Particulars	Note	Year ended March 31,	
		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		(1,80,500)	(15,209)
Adjustments to reconcile profit before tax with cash provided by operating activities			
Effect of exchange differences on translation of assets and liabilities		2,52,018	(2,67,450)
		71,518	(2,82,659)
Income taxes paid		–	–
NET CASH GENERATED BY / (USED) IN OPERATING ACTIVITIES		71,518	(2,82,659)
CASH FLOWS FROM INVESTING ACTIVITIES			
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		–	–
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital		–	62,61,000
NET CASH GENERATED BY IN FINANCING ACTIVITIES		–	62,61,000
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		71,518	59,78,341
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		59,78,341	–
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		60,49,859	59,78,341
SIGNIFICANT ACCOUNTING POLICIES	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

Sandeep Dadlani
Chairman

Manish Tandon
Director

Bengaluru
April 17, 2015

Significant accounting policies and notes on accounts

Company overview

Infosys America Inc. is a wholly-owned subsidiary of Infosys Limited incorporated on June 25, 2013. The Company provides end-to-end business solutions that leverage technology, thereby enabling its clients to enhance business performance. The Company's operations are to provide solutions that span the entire software lifecycle encompassing technical consulting, design, development, re-engineering, maintenance, systems integration, package evaluation and implementation, testing and infrastructure management services.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from April 1 to March 31.

1.2 Basis of preparation of financial statements

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

1.3 Reporting currency

The Company's reporting currency is INR.

1.4 Use of estimates

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

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

1.5 Revenue recognition

Revenue is primarily derived from software development and related services and from the licensing of software products. Arrangements with customers for software development and related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed, and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenue. Revenue from fixed-price and fixed-timeframe contracts, where there is no uncertainty as to the measurement or collectability of consideration, is recognized based on the percentage-of-completion method. When there is uncertainty as to the measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Cost and earnings in excess of billings are classified as unbilled revenue, while billings in excess of cost and earnings are classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

Annual Technical Services revenue and revenue from fixed-price maintenance contracts are recognized ratably over the period in which services are rendered. Revenue from the sale of user licenses for software applications is recognized on the transfer of the title in the user license, except in case of multiple element contracts, which require significant implementation services, where revenue for the entire arrangement is recognized over the implementation period based on the percentage-of-completion method. Revenue from client training, support and other services arising due to the sale of software products is recognized as the related services are performed.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount / incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then the discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts using a cumulative catch-up approach. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

The Company presents revenues net of value-added taxes in its Statement of Profit and Loss

1.6 Provisions and contingent liabilities

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

1.7 Foreign currency transactions

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

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

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such a translation are included in currency translation reserves under reserves and surplus.

1.8 Benefits to employees

Compensated absences

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

1.9 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

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

1.10 Earnings per share

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

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

1.11 Cash flow statement

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

1.12 Cash and cash equivalents

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

1.13 Leases

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

2. Notes on accounts for the year ended March 31, 2015

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at March 31,	
	2015	2014
Authorized		
10,000 equity shares of USD 10/- par value	62,61,000	62,61,000
Issued, subscribed and paid-up		
10,000 (10,000) equity shares of USD 10 per share, fully paid up	62,61,000	62,61,000
	62,61,000	62,61,000
[Of the above, 10,000 (10,000) equity shares are held by the holding company, Infosys Limited]	62,61,000	62,61,000

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

Name of the shareholder	As at March 31,			
	2015		2014	
	No. of shares	% held	No. of shares	% held
Infosys Limited Holding Company	10,000	100%	10,000	100%

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

in ₹, except as otherwise stated

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of Shares	Amount	Number of Shares	Amount
Number of shares at the beginning of the period	10,000	62,61,000	–	–
Add: Issue of shares	–	–	10,000	62,61,000
Number of shares at the end of the period	10,000	62,61,000	10,000	62,61,000

2.2 Reserves and surplus

in ₹

Particulars	As at March 31,	
	2015	2014
Foreign currency translation reserve – Opening balance	(2,67,450)	–
Add: Foreign currency translation during the year	2,52,018	(2,67,450)
Foreign currency translation reserve – Closing balance	(15,432)	(2,67,450)
Surplus – Opening balance	(15,209)	–
Add: Net profit after tax transferred from Statement of Profit and Loss	(1,80,500)	(15,209)
Surplus – Closing balance	(1,95,709)	(15,209)
	(2,11,141)	(2,82,659)

2.3 Other current liabilities

in ₹

Particulars	As at March 31,	
	2015	2014
Other liabilities		
Other payables	46,000	–
	46,000	–

2.4 Long-term loans and advances

in ₹

Particulars	As at March 31,	
	2015	2014
Other loans and advances		
Advance income taxes (net of provisions)	46,000	–
	46,000	

2.5 Cash and cash equivalents

in ₹

Particulars	As at March 31,	
	2015	2014
Balances with banks		
In current and deposit accounts	60,49,859	59,78,341
	60,49,859	59,78,341

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

in ₹

Particulars	As at March 31,	
	2015	2014
In current accounts		
Bank of America	60,49,859	59,78,341
Total cash and cash equivalents as per Balance Sheet	60,49,859	59,78,341

2.6 Expenses

in ₹

Particulars	Year ended March 31,	
	2015	2014
Other expenses		
Rates and taxes, excluding taxes on income	18,771	–
Bank charges	28,915	15,209
	47,686	15,209

2.7 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at March 31,	
		2015	2014
Infosys Limited	India	100%	100%

Name of fellow subsidiaries	Country
Infosys BPO	India
Infosys Mexico	Mexico
Infosys China	China
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Brasil	Brazil
Infosys Public Services, Inc.	U.S.
Infosys Consulting India Limited (1)	India
Infosys BPO s.r.o (2)	Czech Republic
Infosys BPO (Poland) Sp. z o.o. (2)	Poland
Infosys BPO S. de R.L. de C. V. (2)(10)	Mexico
Infosys McCamish Systems LLC (2)	U.S.
Portland Group Pty. Ltd. (2)	Australia
Portland Procurement Services Pty. Ltd. (6)	Australia
Infosys Australia (3)	Australia
EdgeVerve Systems Limited (9)	India
Lodestone Holding AG	Switzerland
Lodestone Management Consultants (Canada) Inc. (4)(8)	Canada
Lodestone Management Consultants Inc.(4)	U.S.
Lodestone Management Consultants Pty. Limited (4)	Australia
Lodestone Management Consultants AG (4)	Switzerland
Lodestone Augmentis AG (7)	Switzerland
Hafner Bauer & Ödman GmbH (4)	Switzerland
Lodestone Management Consultants (Belgium) S.A. (5)	Belgium
Lodestone Management Consultants GmbH (4)	Germany
Lodestone Management Consultants Pte Ltd. (4)	Singapore
Lodestone Management Consultants SAS (4)	France
Lodestone Management Consultants s.r.o. (4)	Czech Republic
Lodestone Management Consultants GmbH (4)	Austria
Lodestone Management Consultants China Co., Ltd. (4)	China
Lodestone Management Consultants Ltd. (4)	U.K.
Lodestone Management Consultants BV (4)	Netherlands
Lodestone Management Consultants Ltda. (5)	Brazil
Lodestone Management Consultants sp. z o.o. (4)	Poland

Name of fellow subsidiaries	Country
Lodestone Management Consultants Portugal, Unipessoal, LDA [4]	Portugal
SC Lodestone Management Consultants S.R.L. [4]	Romania
Lodestone Management Consultants S.R.L. [4]	Argentina
Infosys Canada Public Services Ltd. [11][12]	Canada
Infosys Nova Holdings LLC [13]	U.S.
Panaya Inc. [14]	U.S.
Panaya Ltd. [15]	Israel
Panaya Gmbh [15]	Germany
Panaya Pty. Ltd. [15]	Australia
Panaya Japan Co. Ltd. [15]	Japan

[1] *The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.*
[2] *Wholly-owned subsidiaries of Infosys BPO*
[3] *Under liquidation*
[4] *Wholly-owned subsidiaries of Lodestone Holding AG*
[5] *Majority-owned and controlled subsidiaries of Lodestone Holding AG*
[6] *Wholly-owned subsidiary of Portland Group Pty. Ltd.; liquidated effective May 14, 2014.*
[7] *Wholly-owned subsidiary of Lodestone Management Consultant AG*
[8] *Liquidated effective December 31, 2013*
[9] *Incorporated effective February 14, 2014*
[10] *Incorporated effective February 14, 2014*
[11] *Wholly-owned subsidiary of Infosys Public Services, Inc.*
[12] *Incorporated effective December 19, 2014*
[13] *Incorporated effective January 23, 2015*
[14] *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
[15] *Wholly-owned subsidiary of Panaya Inc.*

Name of Associate	Country
DWA Nova LLC [1]	U.S.

[1] *Associate of Infosys Nova Holdings LLC*

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

Particulars	Year ended March 31,	
	2015	2014
Number of shares considered as basic weighted average shares outstanding	10,000	10,000
Add: Effect of dilutive issues of shares / stock options	–	–
Number of shares considered as weighted average shares and potential shares outstanding	10,000	10,000

2.9 Function-wise classification of Statement of Profit and Loss

in ₹

Particulars	Year ended March 31,	
	2015	2014
Income from software services and products	–	–
Software development expenses	–	–
GROSS PROFIT	–	–
Selling and marketing expenses	–	–
General and administration expenses	1,80,500	15,209
	1,80,500	15,209
OPERATING PROFIT BEFORE DEPRECIATION	(1,80,500)	(15,209)
Depreciation and amortization	–	–
OPERATING PROFIT	(1,80,500)	(15,209)
Other income	–	–
PROFIT BEFORE TAX	(1,80,500)	(15,209)
Tax expense:		
Current tax	–	–
Deferred tax	–	–
PROFIT FOR THE PERIOD	(1,80,500)	(15,209)

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Sandeep Dadlani
Chairman

Manish Tandon
Director

Bengaluru
April 17, 2015

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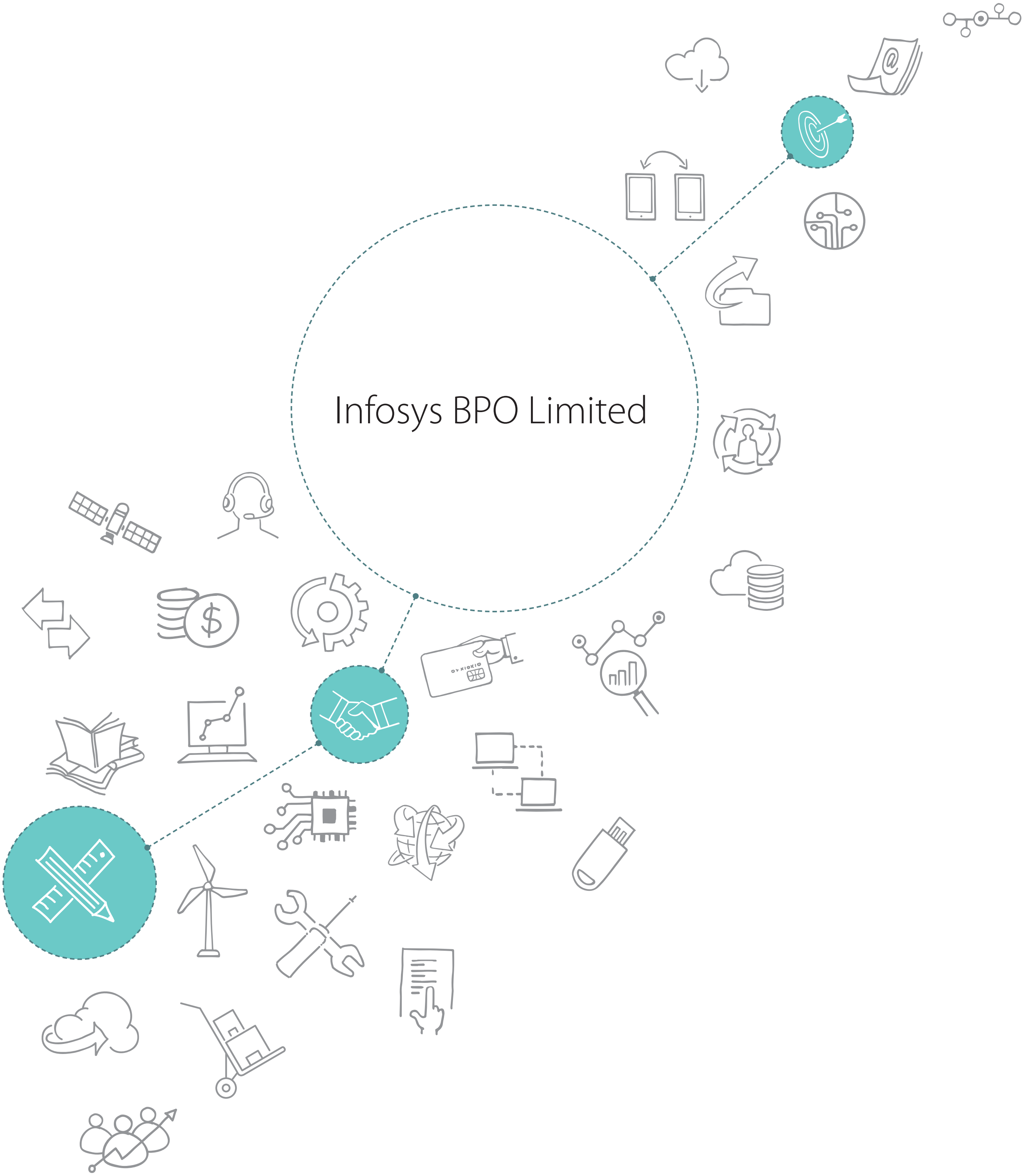
Infosys BPO Limited



Independent Auditors' Report

To the Members of Infosys BPO Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Infosys BPO Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ('the Order') issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
   - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   - (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
   - (e) on the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and

(f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – *Refer to Note 2.19* to the financial statements;

ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – *Refer to Note 2.6* to the financial statements;

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

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

Akhil Bansal
Partner
Membership number: 090906

Place: Bengaluru
Date: April 16, 2015

Annexure to the independent auditors' report

The Annexure referred to in our Independent Auditors' Report to the members of Infosys BPO Limited ('the Company') on the standalone financial statements for the year ended March 31, 2015, we report that:

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

(b) The Fixed assets have been physically verified by the Management during the year and no material discrepancies were identified on such verification.

(ii) The Company is a service company, primarily rendering business process management services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.

(iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Thus, paragraph 3(iii) of the Order is not applicable.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.

(v) The Company has not accepted any deposits from the public.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service tax, Value Added Tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Duty of Excise, Duty of Customs and Investor Education and Protection Fund.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Value Added Tax, Cess and other material statutory dues were in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no material dues of Wealth Tax, Sales Tax and Cess which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of Income Tax, Service Tax and Value Added Tax have not been deposited by the Company on account of disputes:

Name of the statute	Nature of dues	Amount (in ₹)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Interest / Tax Demands	45,02,275	AY 2006 - 07	Income Tax Appellate Tribunal
Income tax Act, 1961	Tax Demands	31,78,238	AY 2011 - 12	Deputy Commissioner of Income Tax
Finance Act, 1994	Service tax demands / penalty	[1] 75,96,57,948	April 2007 to September 2010	Central Excise, Service Tax Appellate Tribunal-Bengaluru
Finance Act, 1994	Service tax demands / penalty	[1] 11,08,20,080	January 2005 to March 2007	Central Excise, Service Tax Appellate Tribunal-Bengaluru
Finance Act, 1994	Service tax demands / penalty	[1] 7,64,20,315	October 2010 to September 2011	Central Excise, Service Tax Appellate Tribunal-Bengaluru
RVAT Act	Value Added Tax	46,645	FY 2011-12	Commercial tax officer, Jaipur

[1] *A stay order has been received against the amount disputed and not deposited.*

(viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

(ix) The Company did not have any outstanding dues to financial institutions, banks or debenture holders during the year.

(x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xi) The Company did not have any term loans outstanding during the year.

(xii) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

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

Akhil Bansal
Partner
Membership number: 090906

Place: Bengaluru
Date: April 16, 2015

Balance Sheet

in ₹ crore

Particulars	Note	As at March 31,	
		2015	2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	34	34
Reserves and surplus	2.2	2,871	2,351
		2,905	2,385
NON-CURRENT LIABILITIES			
Other long-term liabilities	2.3	21	25
		21	25
CURRENT LIABILITIES			
Trade payables	2.4	20	8
Other current liabilities	2.5	324	438
Short-term provisions	2.6	66	66
		410	512
		3,336	2,922
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.7	223	217
Intangible assets	2.7	19	19
Capital work-in-progress		7	5
		249	241
Non-current investments	2.8	594	593
Deferred tax assets, net	2.9	41	43
Long-term loans and advances	2.10	100	99
Other non-current assets	2.11	60	47
		795	782
CURRENT ASSETS			
Current investments	2.8	123	275
Trade receivables	2.12	462	391
Cash and cash equivalents	2.13	1,580	1,104
Short-term loans and advances	2.14	127	129
		2,292	1,899
		3,336	2,922
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/W-100022

for Infosys BPO Limited

Akhil Bansal
Partner
Membership Number: 090906

U. B. Pravin Rao
Chairman and Director

Anup Uppadhayay
Managing Director and Chief Executive Officer

Prof. Jayanth R. Varma
Director

Dr. Omkar Goswami
Director

Rajiv Bansal
Director

Deepak Bhalla
Chief Financial Officer

Bengaluru
April 16, 2015

A. G. S. Manikantha
Company Secretary

Statement of Profit and Loss

in ₹ crore

Particulars	Note	Year ended March 31, 2015	Year ended March 31, 2014
INCOME			
Revenues from business process management services		2,510	2,323
Other income	2.15	191	150
Total Revenue		2,701	2,473
EXPENSES			
Employee benefit expenses	2.16	1,425	1,201
Cost of technical sub-contractors	2.16	166	157
Travel expenses	2.16	110	90
Cost of software packages	2.16	20	24
Communication expenses	2.16	46	46
Professional charges	2.16	19	40
Office expenses	2.16	28	46
Power and fuel	2.16	24	27
Insurance charges	2.16	9	13
Rent	2.16	68	66
Depreciation and amortization expense	2.7	50	70
Other expenses	2.16	48	37
Total expenses		2,013	1,817
PROFIT BEFORE TAX		688	656
Tax expense	2.17		
Current tax		167	156
Deferred tax		1	(12)
		168	144
PROFIT FOR THE YEAR		520	512
EARNINGS PER SHARE			
Equity shares of par value ₹ 10/- each			
Basic		153.64	151.32
Diluted		153.64	151.32
Weighted average number of shares used in computing earnings per share:	2.29		
Basic		3,38,27,751	3,38,27,751
Diluted		3,38,27,751	3,38,27,751
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/W-100022

for Infosys BPO Limited

Akhil Bansal
Partner
Membership Number: 090906

U. B. Pravin Rao
Chairman and Director

Anup Uppadhayay
Managing Director and Chief Executive Officer

Prof. Jayanth R. Varma
Director

Dr. Omkar Goswami
Director

Rajiv Bansal
Director

Deepak Bhalla
Chief Financial Officer

Bengaluru
April 16, 2015

A. G. S. Manikantha
Company Secretary

Cash Flow Statement

in ₹ crore

Particulars	Year ended March 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	688	656
Adjustments to reconcile profit before tax to cash generated by operating activities		
Depreciation	50	70
Interest income	(125)	(84)
Dividend income	(13)	(17)
Profit on sale of investments	(4)	–
Non cash item included in other income *(Refer to Note 2.15)*	3	(26)
Profit on sale of fixed assets	(1)	–
Dividend from Subsidiaries	(24)	(24)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	–	–
Changes in assets and liabilities		
Trade receivables	(71)	(9)
Loans and advances	(8)	1
Other assets	(13)	(9)
Liabilities	(118)	10
Trade payables	12	(34)
Provisions	1	20
	377	554
Income tax paid during the year, net	(157)	(148)
NET CASH GENERATED BY OPERATING ACTIVITIES	220	406
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets and change in capital work-in-progress / advances	(60)	(80)
Proceeds from sale of fixed assets	2	0
Interest received	122	86
Dividend received from Mutual Fund	13	17
Purchase of units in liquid mutual funds	(747)	(1,489)
Proceeds from sale of units in liquid mutual funds	856	1,413
Investment in other investments	(1)	(3)
Investment in subsidiary	–	(11)
Redemption / (investment) in Certificate of deposit	47	(47)
Dividend received from subsidiary	24	24
NET CASH GENERATED BY / (USED IN) INVESTING ACTIVITIES	256	(90)
CASH FLOWS FROM FINANCING ACTIVITIES	–	–
NET CASH FLOWS FROM FINANCING ACTIVITIES	–	–
Effect of exchange differences on translation of foreign currency cash and cash equivalents	–	–
NET CHANGE IN CASH AND CASH EQUIVALENTS	476	316
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,104	788
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR *(Refer to Note 2.13)*	1,580	1,104

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

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/W-100022

for Infosys BPO Limited

Akhil Bansal
Partner
Membership Number: 090906

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Director

Deepak Bhalla
Chief Financial Officer

Bengaluru
April 16, 2015

A. G. S. Manikantha
Company Secretary

Significant accounting policies and notes on accounts

Company overview

Infosys BPO Limited ('Infosys BPO' or 'the Company') was incorporated on April 3, 2002 to provide business process management services to organizations that outsource their business processes. Infosys BPO is a majority-owned and controlled subsidiary of Infosys Limited. The Company helps clients improve their competitive positioning by managing their business processes in addition to providing increased value.

1 Significant accounting policies

1.1 Basis of preparation of financial statements

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

1.2 Use of estimates

The preparation of the financial statements in conformity with GAAP requires that the Management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, reported balances of assets and liabilities and disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates includes computation of percentage-of-completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provision for doubtful debts, future obligations under employee retirement benefit plans, provision for income taxes, provision for service level agreement and the useful lives of fixed tangible assets and intangible assets.

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

1.3 Revenue recognition

The Company derives its revenues primarily from business process management services, either on a time-and-material, fixed-price, fixed-time frame or unit-price basis. Revenue on time-and-material contracts is recognized as the related services are rendered and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-time frame contracts, where there is no uncertainty as to measurement and 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. Revenues from unit-priced contracts are recognized as transactions are processed based on objective measures of output. Cost and earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and earnings is classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount / incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount / incentive. Also when the level of discount varies with increase in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligation for discount using a cumulative catch-up approach. The discounts are passed on the customer either as direct payments or as a reduction of payments due from customer.

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

Profit on sale of investment is recorded on the transfer of title from the Company and is determined as the difference between the sale price and the carrying value of the investment. Interest on deployment of surplus funds is recognized using time proportion method, based on underlying interest rates. Dividend income is recognized when the Company's right to receive dividend is established.

1.4 Expenditure

The cost of software user licenses purchased for rendering business process management services is charged to revenue when put to use. Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight-line basis in the profit and loss account over the lease term.

1.5 Tangible assets and capital work-in-progress

Fixed assets are stated at cost, after reducing accumulated depreciation and impairment if any. Direct costs are capitalized until the assets are ready for use. Capital work-in-progress includes the cost of fixed assets that are not yet ready for their intended use.

Intangible assets including goodwill

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment. Goodwill, recorded on amalgamation in the nature of purchase is tested periodically for impairment.

1.6 Depreciation and amortization

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

Buildings[1]	22-25 years
Computer equipment[1]	3-5 years
Plant and machinery	5 years
Furniture and fixtures [1]	5 years
Office equipment	5 years

[1] *For the above class of assets, based on internal assessment and independent technical evaluation carried out by external valuers the Management believes that the useful lives as*

given above best represent the period over which 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 Companies Act 2013.

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

1.7 Retirement benefits to employees

Gratuity

In accordance with the Payment of Gratuity Act, 1972, Infosys BPO provides for gratuity, a defined benefit retirement plan (the 'Gratuity Plan') covering all 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 eligible salary and the tenure of employment. Liabilities with regard to the Gratuity Plan are determined by an actuarial valuation, at each Balance Sheet date using the projected unit credit method, based upon which the Company fully contributes to the Infosys BPO employees Gratuity Fund Trust (the 'Trust'). The trustee administer contributions made to the Trust and contributions are invested in specific investments as permitted by the law.

The Company recognizes the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with Accounting Standard (AS) 15, Employee Benefits. The Company's overall expected long-term rate-of-return on assets has been determined based on consideration of available market information, current provisions of Indian law specifying the instruments in which investments can be made, and historical returns. The discount rate is based on the Government securities yield. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the Statement of Profit and Loss in the period in which they arise.

Superannuation

Certain employees of Infosys BPO are eligible for superannuation benefits. The Company contributes ₹ 100/- per employee annually for the superannuation benefits of the employees. The Company has no further obligations to the superannuation plan beyond the yearly contribution to the trust fund, the corpus of which is invested with the LIC of India.

Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to this provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a Government administered provident fund. The Company has no further obligations under the provident fund plan beyond its monthly contributions.

Compensated absences

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

1.8 Foreign currency transactions

Monetary assets and monetary liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet. The resulting difference is also recorded in the profit and loss account.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

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

1.9 Forward contracts and option contracts in foreign currencies

The Company uses foreign-exchange forward and options contracts to hedge its exposure to movements in foreign exchange rates. The use of these foreign-exchange forward and options contracts reduce the risk or cost to the Company and the Company does not use those for trading or speculation purposes.

Effective April 1, 2008, the Company adopted the principle of Accounting Standard AS 30 Financial Instruments: Recognition and Measurement, to the extent that the adoption did not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company law and other regulatory requirements.

Forward and options contracts are fair valued at each reporting date. The resultant gain or loss from these transactions are recognized in the Statement of Profit and Loss. The Company records the mark to market gain or loss on effective hedges in the foreign currency fluctuation reserve until the transactions are complete. On completion, the gain or loss is transferred to the Statement of Profit and Loss of that period. To designate a forward contract or option contracts as an effective hedge, management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract and subsequently whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. In the absence of a designation as an effective hedge, a gain or loss is recognized in the profit and loss account. Currently the hedges undertaken by the Company are all ineffective in nature and the resultant gain or loss consequent to fair valuation is recognized in the Statement of Profit and Loss at each reporting date.

1.10 Income tax

Income taxes are accrued in the same period the related revenue and expenses arise. A provision is made for income tax for the period based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. Minimum Alternative Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset in the Balance Sheet if there is convincing evidence that the Company will pay normal tax after the tax holiday period and the resultant asset can be measured reliably. Accordingly, it is recognized as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

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

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.

1.11 Provisions and contingent liability

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

1.12 Onerous Contract

Provisions for onerous contracts are recognized, i.e. contracts when the expected benefits to be derived by the Company from the contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the lower of the expected cost of terminating the contract and the expected cost of fulfilling the contract

1.13 Impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset (including goodwill) may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.14 Earnings per share

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

1.15 Investments

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current or long-term based on the Management's intention. Current investments are carried at the lower of cost and fair value of each investment individually. Cost for overseas investments comprises the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

1.16 Cash and Cash Equivalents

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

1.17 Cash Flow Statement

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

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

Amounts in the financial statements are presented in ₹ crore, except for per share data and as otherwise stated. All exact amounts are stated with suffix '/-'. One crore equals 10 million.

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

2.1 share capital

in ₹ crore, except as otherwise stated

Particulars	As at March 31,	
	2015	2014
AUTHORIZED		
Equity shares, ₹10/- (₹10/-) par value	123	123
12,33,75,000 (12,33,75,000) equity shares		
	123	123
Issued, subscribed and paid-up		
Equity shares, ₹10/- (₹10/-) par value		
3,38,27,751 (3,38,27,751) equity shares fully paid-up	34	34
[Of the above, 3,38,22,319 (3,38,22,319) equity shares are held by the holding company, Infosys Limited]		
	34	34

(1) *Refer to Note 2.29 for details of basic and diluted shares*

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

In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive any of the remaining assets of the Company in proportion to the number of equity shares held by the shareholders, after distribution of all preferential amounts. However, no such preferential amounts exist as at the date of Balance Sheet.

Reconciliation of the number of shares outstanding *in ₹ crore*

Particulars	As at March 31, 2015	As at March 31, 2014
Number of share outstanding at the beginning of the period	3,38,27,751	3,38,27,751
Add: Shares issued during the period	–	–
Number of shares outstanding at the end of the period	3,38,27,751	3,38,27,751

Shares held by shareholders holding more than 5% shares

Name of the shareholder	Number of shares as at March 31, 2015	Number of shares as at March 31, 2014	Percentage of total shares March 31, 2015	Percentage of total shares March 31, 2014
Infosys Limited, the holding company	3,38,22,319	3,38,22,319	99.98%	99.98%

There has been no buy-back of shares, issuance of bonus shares or shares issued for consideration other than cash during the last 5 years.

2.2 Reserves and surplus

in ₹ crore

Particulars	As at March 31, 2015	As at March 31, 2014
Securities premium - Opening balance	25	25
Add: Transferred from Surplus	–	–
Securities premium - Closing balance	25	25
Capital redemption reserve - Opening balance	1	1
Add: Trasferred from surplus	–	–
Capital redemption reserve - Closing balance	1	1
General reserve - Opening balance	1,000	1,000
Add : Transfer from Surplus	–	–
General reserve - Closing balance	1,000	1,000
Balance in Statement of Profit and Loss - Opening balance	1,325	813
Add: Net profit after tax transferred from Statement of Profit and Loss	520	512
Less: Amount transferred to General reserve	–	–
Balance in Statement of Profit and Loss - Closing balance	1,845	1,325
	2,871	2,351

2.3 Other long-term liabilities

in ₹ crore

Particulars	As at March 31, 2015	As at March 31, 2014
Accrued salaries and benefits		
Bonus and incentives	–	4
Rental deposit received (1)	21	21
(1) Includes dues to holding company (Refer to Note 2.23)	21	21

2.4 Trade payables

in ₹ crore

Particulars	As at March 31, 2015	As at March 31, 2014
Trade payables	20	8
	20	8
(1) Includes dues to subsidiaries and other group companies (Refer to Note 2.23)	12	5

2.5 Other current liabilities

in ₹ crore

Particulars	As at March 31, 2015	As at March 31, 2014
Accrued salaries and benefits		
Salaries	51	51
Bonus and incentives	81	108
Other liabilities		
Provision for expenses (1)	155	249
Retention money payable	1	2
Withholding and other taxes	27	16
Other payables (2)	3	1
Mark to market loss on forward contracts	–	4
Advances received from customers	1	2
Unearned revenue	5	5
	324	438
(1) Includes dues to subsidiaries and other group companies (Refer to Note 2.23)	4	9
(2) Includes dues to subsidiaries and other group companies (Refer to Note 2.23)	1	–

2.6 Short-term provisions

in ₹ crore

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for employee benefits		
Unavailed leave	50	46
Others		
Provision for		
Income taxes	1	2
SLA compliance	15	18
	66	66

Provision for SLA compliance

The provision for service level agreement compliance is based on estimates made by the Management for on-going contracts. In accordance with paragraphs 66 and 67 of the Accounting Standard 29 (Provisions, contingent liabilities and contingent assets) the movement in provision for service level agreement compliance is given below:

in ₹ crore

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Balance at the beginning of the year	18	7
Provision / (Reversal) made during the year	(1)	12
Provisions utilized during the year	(2)	(1)
Balance at the end of the year	15	18

Provisions for SLA compliance and other provisions are expected to be utilized over a period of six months to one year.

2.7 Fixed assets

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

in ₹ crore, except as otherwise stated

Particulars									Intangible assets		Total
	Land-leasehold	Buildings	Leasehold improvement	Office equipment	Plant and machinery	Computer equipment	Furniture and fixtures	Total	Goodwill	Total	
Original cost											
As at April 1, 2014	12	148	66	125	24	177	57	609	19	19	628
Additions / adjustments during the year	–	–	11	4	7	31	5	58	–	–	58
Deductions / retirement during the year	–	–	(10)	(10)	–	(16)	(3)	(39)	–	–	(39)
As at March 31, 2015	12	148	67	119	31	192	59	628	19	19	647
Depreciation and amortization											
As at April 1, 2014	1	40	45	107	11	141	47	392	–	–	392
For the period	–	5	9	8	5	18	5	50	–	–	50
Deductions / Adjustments during the year	–	–	(10)	(10)	–	(14)	(3)	(37)	–	–	(37)
As at March 31, 2015	1	45	44	105	16	145	49	405	–	–	405
Net book value											
As at March 31, 2015	11	103	23	14	15	47	10	223	19	19	242

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

in ₹ crore, except as otherwise stated

Particulars									Intangible assets		Total
	Land-leasehold	Buildings	Leasehold improvement	Office equipment	Plant and machinery	Computer equipment	Furniture and fixtures	Total	Goodwill	Total	
Original cost											
As at April 1, 2013	12	146	55	121	22	138	52	546	19	19	565
Additions / adjustments during the year	–	2	11	4	2	45	5	69	–	–	69
Deductions / retirement during the year	–	–	–	–	–	(6)	–	(6)	–	–	(6)
As at March 31, 2014	12	148	66	125	24	177	57	609	19	19	628
Depreciation and amortization											
As at April 1, 2013	1	30	38	93	6	117	43	328	–	–	328
For the period	–	10	7	14	5	30	4	70	–	–	70
Deductions / adjustments during the year	–	–	–	–	–	(6)	–	(6)	–	–	(6)
As at March 31, 2014	1	40	45	107	11	141	47	392	–	–	392
Net book value											
As at March 31, 2014	11	108	21	18	13	36	10	217	19	19	236

During the quarter ended June 30, 2014, the Management reassessed the remaining useful life of assets primarily consisting of buildings and computers with effect from April 1, 2014. An external valuer was consulted for this purpose. Accordingly the useful lives of certain assets required a change from the previous estimates.

The existing and revised useful lives are as below:

Category of assets	Revised useful life (Years)	Existing useful life (Years)
Building	15	22-25
Plant and machinery	5	5
Computer equipment	2	3-5
Furniture and fixtures	5	5
Vehicles	5	5

Had the Company continued with the previously assessed useful lives, charge for depreciation and cost of sales for the year ended March 31, 2015 would have been higher by ₹ 17 crore for assets held at April 1, 2014. The revision of the useful lives will result in the following changes in the depreciation expense based on the original useful life of asset.

in ₹

Particulars	FY 2016	After FY 2016 (till the end of estimated useful life)
Increase / (Decrease) in Depreciation Expense	(1.48)	19.72

2.8 investments

in ₹ crore

Particulars	As at March 31,	
	2015	2014
Non current investments		
Long term investments – at cost		
Trade (unquoted)		
Investments in equity of subsidiaries		
Infosys BPO s.r.o, Czech Republic	3	3
Infosys BPO Poland Sp z o.o., 5,000 (5,000) equity shares of PLN 500 each, fully paid	59	59
Portland Group Pty. Limited, 17,45,00,000 (17,45,00,000) equity share of AUD 1 each, fully paid	211	211
Infosys McCamish Systems LLC	317	317
Investment in Government bonds (1)	4	3
Total Non current investments	594	593
Current portion of long-term investments		
Quoted		
Investment in Fixed Maturity Plans	30	43
	30	43
Current investments – at the lower of cost and fair value		
Unquoted		
Investment in Certificate of Deposits	–	47
Investment in liquid mutual fund units	93	185
	93	232
Aggregate amount of quoted investments	30	43
Market value of quoted investments	36	48
Aggregate amount of unquoted investments	687	825

(1) Investment in Government bonds listed on the Philippines Dealing and Exchange Corp. (PDEX) as per the statutory earmarking requirement of the Philippines Government.

Profit on sale of Investment is ₹ 4 crore for the year ended March 31, 2015 (NIL for the year ended March 31, 2014).

Details of investment in Certificate Deposits as at March 31, 2015 and March 31, 2014 is as follows:

in ₹

Particulars		March 31, 2015		March 31, 2014	
	Face Value ₹	Units	Amount	Units	Amount
Central Bank of India	1,00,000/-	–	–	2,500	23
Indian Overseas Bank	1,00,000/-	–	–	2,500	24
				5,000	47

Details of investment in liquid mutual funds as at March 31, 2015 and March 31, 2014 is as follows:

in ₹

Particulars	March 31, 2015		March 31, 2014	
	Units	Amount	Units	Amount
Birla Sun Life AMC Ltd. - Liquid Plus	47,37,327	48	15,02,428	15
ICICI Prudential - Liquid plus	–	–	10,43,402	10
TATA Asset Management Ltd. - Liquid Plus	–	–	3,32,456	38
Reliance Mutual Fund - Liquid	4,08,049	45	–	–
SBI Mutual Fund - Liquid Plus	–	–	4,93,192	49
Religare Mutual Fund - Liquid Plus	–	–	547	–
IDFC mutual fund - liquid plus	–	–	4,39,648	44
UTI Mutual Fund - Liquid	–	–	–	–
Templeton Mutual Fund - Liquid	–	–	2,87,986	29
	51,45,376	93	40,99,659	185

Details of investment in FMP mutual funds as at March 31, 2015 and March 31, 2014 is as follows:

in ₹

Particulars	March 31, 2015		March 31, 2014	
	Units	Amount	Units	Amount
Birla Sunlife AMC Ltd. - FMP	–	–	1,30,00,000	13
ICICI Prudential SIP FMP	–	–	3,00,00,000	30
SBI Debt Fund - FMP	2,00,00,000	20	–	–
UTI - FMP	1,00,00,000	10	–	–
	3,00,00,000	30	4,30,00,000	43

2.9 Deferred tax assets, net

in ₹ crore

Particulars	As at March 31,	
	2015	2014
Deferred tax assets		
Fixed assets	19	24
Unavailed leave	12	12
Trade receivables	6	2
Others	4	5
	41	43

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.

2.10 Long-term loans and advances

in ₹ crore

Particulars	As at March 31,	
	2015	2014
Unsecured considered good		
Capital advances	–	1
Other loans and advances		
Rental deposits [1]	47	48
Electricity and other deposits	1	1
Advance income taxes, net of provision	52	49
	100	99
[1] *Includes dues from holding company (Refer to Note 2.23)*	27	27

2.11 Other non-current assets

in ₹ crore

Particulars	As at March 31,	
	2015	2014
Others		
Restricted deposits *(Refer to Note 2.30)*	59	46
Advance to gratuity trust *(Refer to Note 2.25)*	1	1
	60	47

2.12 Trade receivables

in ₹ crore

Particulars	As at March 31,	
	2015	2014
Debt outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	11	5
Less: Provision for doubtful debts	11	5
	–	–
Other debts		
Unsecured		
Considered good [1]	462	391
Considered doubtful	7	1
	469	392
Less: Provision for doubtful debts	7	1
	462	391
[1] *Includes dues from subsidiaries and other group companies (Refer to Note 2.23)*	10	5

2.13 Cash and cash equivalents

in ₹ crore

Particulars	As at March 31,	
	2015	2014
Balances with banks		
In current and deposit accounts	1,453	1,024
Others		
Deposit with financial institutions	127	80
	1,580	1,104
Deposit accounts with more than 12 months maturity	–	–

The deposits maintained by the Company with banks comprise of time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

The details of balances with banks as at March 31, 2015 and March 31, 2014 are as follows :

in ₹ crore

Particulars	As at March 31,	
	2015	2014
In current accounts		
Bank of America, California, U.S.	9	10
Bank of America, California- Trust account, U.S. [1]	–	–
Citi Bank, South Africa	1	3
Citi Bank, Costa Rica	6	1
Citi Bank, Singapore	1	–
Citi Bank, Australia	1	1
State Bank of India, India	1	–
Deutsche Bank, India	1	–
Deutsche Bank - EEFC (Euro account)	1	–
Deutsche Bank - EEFC (U.S. dollar account)	1	–
Deutsche Bank, Netherlands	–	1
Deutsche Bank, London, U.K.	1	1
Deutsche Bank, Philippines	5	34
ICICI Bank, India	3	2
ICICI Bank- EEFC (Euro account)	–	1
ICICI Bank- EEFC (U.K. pound sterling account)	–	2
ICICI Bank- EEFC (U.S. dollar account)	2	8
	33	64
In deposit accounts		
Syndicate Bank	80	80
Axis Bank	80	80
Canara Bank	80	80
Allahabad Bank		80
Corporation Bank	80	80
ICICI Bank	106	24
IDBI Bank	150	63
Andhra Bank	74	–
Oriental Bank of Commerce	80	5
Punjab National Bank	80	80
Bank of Baroda	80	80
Indian Overseas Bank	78	18
South Indian Bank	27	25
Union Bank of India	80	20
Vijaya Bank	80	80
Yes Bank	100	30
Central Bank of India	80	55
Bank of India	0	80
Kotak Mahindra Bank	5	-
HDFC Bank limited	80	–
	1,420	960
Other deposits with financial institutions		
HDFC Limited	127	80
	127	80
	1,580	1,104

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

2.14 Short-term loans and advances

in ₹ crore

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good		
Prepaid expenses	3	5
Advances for goods and services	11	16
Withholding and other taxes receivable	25	23
	39	44
Unbilled revenue [(1)]	40	47
Interest accrued but not due	9	5
Loans and advances to employees	16	12
Rental deposits	4	–
Electricity and other deposits	1	1
Mark to market gain on forward contracts	6	–
MAT credit entitlement	–	16
Loans and advances to group companies [(2)]	12	4
	127	129
Unsecured, considered doubtful		
Loans and advances to employees	2	1
	129	130
Less: Provision for doubtful loans and advances	2	1
	127	129
[(1)] *Includes dues to subsidiaries and other group companies (Refer to Note 2.23)*	–	7
[(2)] *Includes dues to subsidiaries and other group companies (Refer to Note 2.23)*	–	–

2.15 Other income

in ₹ crore

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Interest on deposits with bank and others	125	85
Dividend on investment in mutual fund units	13	17
Gains / (losses) on Investment	4	
Dividend Income from Subsidiary	24	24
Miscellaneous Income	13	38
Gains / (losses) on foreign currency, net	12	(14)
	191	150

2.16 Expenses

in ₹ crore

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Employee benefit expenses		
Salaries and bonus including overseas staff expenses	1,357	1,155
Staff welfare	1	3
Contribution to provident and other funds	67	43
	1,425	1,201
Cost of technical sub-contractors		
Technical sub-contractors - subsidiaries	146	119
Technical sub-contractors - others	20	38
	166	157
Travel expenses		
Overseas travel expenses	77	63
Domestic travel expenses	33	27
	110	90
Cost of software packages		
Cost of software for own use	20	24
	20	24
Communication expenses		
Communication expenses	35	30
Telephone Charges	11	16
	46	46
Professional charges		
Legal and professional	10	26
Recruitment and training	9	14
	19	40
Office expenses		
Computer maintenance	2	2
Printing and stationery	1	3
Office maintenance	22	39
Repairs to Plant and Machinery	3	2
	28	46
Power and fuel		
Power and fuel	24	27
	24	27
Insurance charges		
Insurance charges	9	13
	9	13
Rent		
Rent *(Refer to Note 2.18)*	68	66
	68	66
Other expenses		
Consumables	2	5
Brand building and advertisement	4	5
Marketing expenses	4	2
Rates and taxes	2	4
Donations	11	–
Bank charges and commission	1	1
Postage and courier	2	1
Provision for doubtful debts	13	4
Provision for doubtful loans and advances	1	1
Professional membership and seminar participation fees	1	2
Other miscellaneous expenses	7	12
	48	37

2.17 Tax expense

in ₹ crore

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Current Income taxes	167	156
Deferred taxes	1	(12)
	168	144

Income taxes

The provision for taxation includes tax liabilities in India on the Company's global income as reduced by exempt incomes and any tax liabilities arising overseas on income sourced from those countries as per Indian Income Tax Act, 1961. Infosys BPO operations are conducted through Software Technology Parks ('STPs') and Special Economic Zones ('SEZs'). Income from STPs were tax exempt for the first 10 years from the fiscal year in which the unit commences software development, or March 31, 2011 whichever is earlier. Income from SEZs is fully tax exempt for the first 5 years, 50% exempt for the next 5 years and 50% exempt for another 5 years subject to fulfilling certain conditions. In the current year, the Company calculated its tax liability under normal provisions of the Income Tax Act and utilized a portion of the brought forward MAT Credit.

The revision in the useful life of assets has resulted in a decrease in deferred tax credit by ₹7 crore during the year ended March 31,2015 respectively *(Refer to Note 2.7)*

2.18 Leases

Obligations on long-term, non-cancellable operating leases

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

in ₹ crore

Particulars	Year ended March 31,	
	2015	2014
Lease rentals charged during the period	68	66

(in ₹ crore)

Lease obligations	As at March 31,	
	2015	2014
Within one year of the Balance Sheet date	21	14
Due in a period between one year and five years	22	22
Later than five years	–	–

The existing operating lease arrangements extend for periods between 36 months and 60 months from their respective dates of inception.

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

in ₹ crore

Particulars	As at March 31,	
	2015	2014
Contingent liabilities :		
Claims against the Company not acknowledged as debts (Net of amount paid to statutory authorities ₹ 25 crore)	119	26
Bank guarantees	17	12
Commitments:		
Estimated amount of unexecuted capital contracts (net of advance and deposits)	18	17

Claims against the Company not acknowledged as debts include demand from the Indian service tax authorities for payment of additional tax of ₹ 94.69 crore (12.75 crore) includes penalty of ₹ 43.52 crore for the period from January 2005 to September 2011 upon conducting service tax audit. These demands are due to treatment of salary paid to overseas staff as consideration for services provided by overseas branches to Infosys BPO India and under Section 66A of the Finance Act, branch and head office are treated as separate entities so service tax is demanded on salary paid to overseas staff as import of services. Authorities have also raised demand under section 66A on payment made to overseas subcontractor who was providing services to clients outside India on behalf of Infosys BPO treating the services of subcontractor are received in India and it is a import of service. The matters are pending before the Service Tax Appellate Tribunal (CESTAT), Bengaluru. The Company is contending the demand and the management including its tax advisors believes that its position will likely be upheld in the appellate process.

Claims against the Company not acknowledged as debts include demand from the Indian income tax authorities for payment of additional tax of ₹ 28.56 crore (38.70 crore) including interest of ₹ 7.47 crore (9.85 crore) upon completion of their tax review for fiscal 2004, 2005, 2006, 2007, 2008, 2009, 2010 and 2011. These income tax demands are mainly on account of disallowance of a portion of deduction claimed u/s 10A of Income Tax Act. The deduction amount is determined by the ratio of export turnover to total turnover. The disallowance arose from certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover. These demand includes the intimation for short deduction of tax deduction at source. The matters for fiscal 2007, 2008 and 2009 are pending before Commissioner of Income Tax (Appeals) and fiscal 2004, 2005 and 2006 are pending before Income Tax Appellate Tribunal, Bengaluru. The Company is contenting the demand and the management including its tax advisors believes that its position will likely be upheld in the appellate process.

2.19 Derivative instrument

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

Particulars	As at March 31, 2015		As at March 31, 2014	
	in million	in ₹ crore	in million	in ₹ crore
Forward contracts outstanding				
USD / INR	48	300	19	114
EUR / INR	3	20	2	14
GBP / INR	4	39	4	40
AUD / INR	3	14	–	–

As at the Balance Sheet date, the Company's net foreign currency exposure that is over hedged by a derivative instrument or otherwise is ₹ 45 crore (unhedged by ₹ 151 crore as at March 31, 2014).

The foreign exchange forward and option contracts mature between 1 to 12 months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Balance Sheet date:

in ₹ crore

Particulars	As at March 31,	
	2015	2014
Not later than one month	91	36
Later than one month and not later than three months	145	66
Later than three months and not later than one year	136	66
	373	168

The Company recognized a gain on derivative financial instruments of ₹ 18 crore and loss on derivative financial instruments of ₹ 40 crore during the year ended March 31, 2015 and March 31, 2014, respectively, which is included in other income.

2.20 Quantitative details

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

2.21 Imports (valued on the cost, insurance and freight basis)

in ₹ crore

Particulars	Year ended March 31,	
	2015	2014
Capital goods	11	17

2.22 Earnings and expenditures in foreign currency

in ₹ crore

Particulars	Year ended March 31,	
	2015	2014
Earnings in foreign currency		
Business process management services	2,049	1,909
	2,049	1,909
Expenditure in foreign currency		
Salary	360	284
Legal, Professional and Sub-contractors charges	97	100
Overseas travel	38	45
Bank, consultancy, capex and other charges	263	210

Particulars	Year ended March 31,	
	2015	2014
Communication	28	20
	786	659
Net earnings in foreign currency	1,263	1,250

2.23 Related party transactions

List of related parties:

in ₹

Name of the related party	Country	Holding as at March 31,	
		2015	2014
Holding			
Infosys Limited	India		
Subsidiaries			
Infosys BPO s.r.o	Czech Republic	100%	100%
Infosys BPO Poland Sp. z.o.o	Poland	100%	100%
Infosys BPO S. de R.L. de C.V. (13)	Mexico	Nil	Nil
Infosys McCamish Systems LLC (7)	U.S.	100%	100%
Portland Group Pty. Ltd.			
Portland Procurement Services Pty. Ltd. (14)	Australia	100%	100%
Australia		–	100%

Fellow subsidiaries	Country
Infosys Technologies S. de R.L. de C.V. (Infosys Mexico)	Mexico
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologia do Brasil Ltda. (Infosys Brasil)	Brazil
Infosys Public Services, Inc. U.S. (Infosys Public Services)	U.S.
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (3)	Australia
Infosys Consulting India Limited (1)	India
Infosys Americas, Inc. (Infosys Americas) (2)	U.S.
EdgeVerve Systems Limited (EdgeVerve) (16)	India
Lodestone Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants (Canada) Inc. (4)(15)	Canada
Lodestone Management Consultants Inc. (4)	United States
Lodestone Management Consultants Pty. Limited (4)	Australia
Lodestone Management Consultants AG (4)	Switzerland
Lodestone Augmentis AG (5)	Switzerland
Hafner Bauer & Ödman GmbH (4)	Switzerland
Lodestone Management Consultants (Belgium) S.A. (6)	Belgium
Lodestone Management Consultants GmbH (4)	Germany
Lodestone Management Consultants Pte Ltd. (4)	Singapore
Lodestone Management Consultants SAS (4)	France
Lodestone Management Consultants s.r.o. (4)	Czech Republic
Lodestone Management Consultants GmbH (4)	Austria
Lodestone Management Consultants China Co., Ltd. (4)	China
Lodestone Management Consultants Ltd. (4)	U.K.
Lodestone Management Consultants BV (4)	Netherlands
Lodestone Management Consultants Ltda. (6)	Brazil
Lodestone Management Consultants sp. z o.o. (4)	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA (4)	Portugal
S.C. Lodestone Management Consultants S.R.L. (4)	Romania
Lodestone Management Consultants S.R.L. (4)	Argentina

Fellow subsidiaries	Country
Panaya Inc. (8)	U.S.
Panaya Limited (9)	Israel
Panaya GmbH (9)	Germany
Panaya Pty. Limited (9)	Australia
Panaya Japan Co. Ltd. (9)	Japan
Infosys Canada Public services Ltd. (10)(11)	Canada
Infosys Nova Holdings LLC (12)	U.S.
Fellow Associate	
DWA Nova LLC (17)	U.S.

(1) *The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.*
(2) *Incorporated effective June 25, 2013*
(3) *Under liquidation*
(4) *Wholly-owned subsidiaries of Lodestone Holding AG*
(5) *Wholly-owned subsidiaries of Lodestone Management Consultants AG*
(6) *Majority-owned and controlled subsidiaries of Lodestone Holding AG*
(7) *McCamish System LLC name has been changed to Infosys McCamish Systems LLC effective from May 30, 2013*
(8) *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
(9) *Wholly-owned subsidiary of Panaya Inc.*
(10) *Wholly-owned subsidiary of Infosys Public Services, Inc.*
(11) *Incorporated effective December 19, 2014*
(12) *Incorporated effective January 23, 2015*
(13) *Incorporated effective February 14, 2014*
(14) *Wholly-owned subsidiary of Portland Group Pty. Ltd. liquidated effective May 14, 2014*
(15) *Liquidated effective December 31, 2013*
(16) *Incorporated effective February 14, 2014*
(17) *Associate of Infosys Nova Holdings LLC*

List of other related party

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

List of key management personnel

Name of the related party	Designation
S. Gopalakrishnan (1)	Chairman and Director
Anup Uppadhayay (2)	
Gautam Thakkar (3)	Managing Director and Chief Executive Officer
Managing Director and Chief Executive Officer	
Rajiv Bansal (4)	Director
U. B. Pravin Rao (5)	Chairman and Director
Prof. Jayanth R. Varma	Independent Director
Chandrashekar Kakal (6)	Director
Dr. Omkar Goswami	Independent Director
Prasad Thrikutam (7)	Director
Director	

(1) *Resigned as a Chairman and Director effective October 6, 2014*
(2) *Appointed as a Managing Director and Chief Executive Officer effective December 1, 2014*
(3) *Resigned as a Managing Director and Chief Executive Officer effective November 30, 2014*
(4) *Appointed as a Director effective July 8, 2014*
(5) *Appointed as a Chairman and Director effective October 7, 2014*
(6) *Resigned as a Director effective from April 18, 2014*
(7) *Resigned as a Director effective June 12, 2014*

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

in ₹ crore

Particulars	Year ended March 31,	
	2015	2014
Financing transactions		
Infosys McCamish Systems LLC	–	11
	–	11
Revenue transactions:		
Purchase of services		
Infosys Limited	81	62
Portland Group Pty. Limited	29	42
Infosys Mexico	2	–
Lodestone Management Consultants Ltd. (U.K.)	15	5
Lodestone Management Consultants Pty. Ltd. (Australia)	4	2
Lodestone Management Consultants Limited	–	2
EdgeVerve Systems Limited	9	–
Infosys BPO Poland Sp. z o.o.	6	7
	146	120
Purchase of shared services including facilities and personnel		
Infosys Limited	38	36
	38	36
Sale of services		
Infosys Public Services, Inc.	7	–
Infosys BPO Poland Sp. z o.o.	4	3
Infosys Limited	273	217
Infosys McCamish Systems LLC	30	24
Portland Group Pty. Ltd	3	4
Lodestone Management Consultants Ltd. (U.K.)	–	4
	317	253
Sale of shared services including facilities and personnel		
Infosys Limited	11	16
Infosys McCamish Systems LLC	12	3
Infosys BPO Poland Sp. z o.o.	–	–
EdgeVerve Systems Limited	–	–
	23	19
Dividend Income		
Infosys BPO Poland Sp. z o.o.	24	24
	24	24

The Company has received certain managerial services from S. Gopalakrishnan, directors of the Company who are also directors of Infosys Limited, at no cost.

Infosys Limited, the parent Company has issued performance guarantees to certain clients for the Company's executed contracts.

Infosys BPO Limited guarantees the performance of certain contracts entered into by its subsidiaries.

Details of amounts due to or due from related parties as at March 31, 2015 and March 31, 2014:

in ₹ crore

Particulars	As at March 31,	
	2015	2014
Trade receivables		
Infosys Limited	5	–
Lodestone Management Consultants Ltd.(U.K.)	–	–
Infosys McCamish Systems LLC	3	2
Portland Group Pty. Ltd	–	–
Infosys BPO Poland Sp.z.o.o	–	3
Infosys Public Services	2	–
	10	5
Other receivables		
Infosys Limited	11	–
Infosys BPO s.r.o	–	–
Infosys McCamish Systems LLC	1	3
	12	3
Unbilled revenues		
Infosys Limited	–	2
Infosys Public Services	–	5
	–	7
Trade payables		
Infosys Limited	–	1
Infosys BPO s.r.o.	–	–
Infosys BPO Poland Sp. z o.o.	3	1
Lodestone Management Consultants Pty. Ltd. (Australia)	–	–
Lodestone Management Consultants Ltd. (U.K.)	1	–
EdgeVerve Systems Limited	5	
Portland Group Pty. Ltd.	2	3
Infosys McCamish Systems LLC	–	–
	12	5
Other payables		
Infosys Limited	1	–
	1	–
Provision for expenses		
Infosys Limited	1	–
Lodestone Management Consultants Ltd. (U.K.)	–	4
Lodestone Management Consultants Pty. Limited Australia	–	5
EdgeVerve Systems Limited	3	
	4	9
Rental deposit given for shared services		
Infosys Limited	27	27
Rental deposit received for shared services		
Infosys Limited	21	21
Advance Received		
Infosys Limited	–	2
	–	2

Particulars of remuneration and other benefits paid to Managing Director during the year ended March 31, 2015 and 2014 are given below:

in ₹ crore

Particulars	Year ended March 31,	
	2015	2014
Salary and other benefits	10	3
Commission and other benefits to non-executive / independent directors	–	–
Total	10	3

2.24 Segment reporting

The Company's operations primarily relate to providing business process management services to organizations that outsource their business processes. Accordingly, revenues represented along industry classes comprise the primary basis of segmental information set out in these financial statements. Secondary segmental reporting is performed on the basis of the geographical location of customers.

The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the note on significant accounting policies.

Industry segments at the Company are primarily enterprises in Financial Services and Insurance (FSI), enterprises in Manufacturing (MFG), enterprises in Energy and utilities, Communication and Services (ECS), and enterprises in Retail, Consumer packaged goods and Logistics, and Life Sciences and Healthcare (RCL).

Geographical segments are segregated based on the location of the customers, or in relation to which the revenue is otherwise recognized.

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Allocated expenses of segments include expenses incurred for rendering services from the Company's offshore software development centers and on-site expenses, which are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. Management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as unallocated and adjusted against the total income of the Company.

Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made. Geographical information on revenue and industry revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

Industry segments

Year ended March 31, 2015 and *March 31, 2014*

in ₹ crore

Particulars	FSI	MFG	RCL	ECS	Total
Revenues from business process management services	734	802	314	660	2,510
	696	*749*	*225*	*653*	*2,323*
Identifiable operating expenses	295	413	123	275	1,106
	253	*327*	*99*	*274*	*953*
Allocated expenses	249	275	108	225	857
	237	*256*	*77*	*224*	*794*
Segmental operating profit	190	114	83	160	547
	206	*166*	*49*	*155*	*576*
Unallocable expenses					50
					70
Other income					191
					150
Profit before tax					688
					656
Tax expense					168
					144
Profit for the year					520
					512

Geographical segments

Year ended March 31, 2015 and *March 31, 2014*

in ₹ crore

Particulars	United States of America	Europe	Others	Total
Revenues from business process management services	1,420	691	399	2,510
	1,234	*714*	*375*	*2,323*
Identifiable operating expenses	542	335	229	1,106
	421	*320*	*212*	*953*
Allocated expenses	487	235	135	857
	420	*243*	*131*	*794*
Segmental operating profit	391	121	35	547
	393	*151*	*32*	*576*
Unallocable expenses				50
				70
Other income				191
				150
Profit before tax				688
				656
Tax expense				168
				144
Profit for the year				520
				512

2.25 Gratuity Plan

Gratuity is applicable to all permanent and full time employees of the Company. Gratuity paid out is based on last drawn basic salary and dearness allowance at the time of termination or retirement. The scheme takes into account each completed year of service or part thereof in excess of six months. The normal age of retirement is 60 years and the entire contribution is borne by the Company.

The Company recognizes actuarial gains and losses as and when these arise. The charge in respect of these gains / losses is taken to Statement of Profit and Loss account.

The following table set out the status of the Gratuity Plan as required under AS 15."

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

in ₹ crore

Particulars	As at March 31,	
	2015	2014
Obligations at the beginning of the period	40	37
Service cost	6	5
Interest cost	3	3
Benefits settled	(6)	(6)
Curtailment*	–	–
Actuarial gain / (loss)	9	1
Obligations at the end of the period	52	40
Defined benefit obligation liability as at the Balance Sheet is wholly funded by the Company.		
Change in plan assets:		
Plan assets at beginning, at fair value	41	37
Expected return on plan assets	4	4
Actuarial gain / (loss)	(1)	–
Contributions	15	6
Benefits settled	(6)	(6)
Plan assets at end, at fair value	53	41

Reconciliation of present value of the obligation and the fair value of the plan assets:

in ₹ crore

Particulars	As at March 31,	
	2015	2014
Fair value of plan assets at the period end	53	41
Present value of the defined benefit obligations at the year end	52	40
Reimbursement (obligation) / asset (1)	–	–
Asset / (Liability) recognized in the Balance Sheet	1	1
Assumptions		
Interest rate	7.80%	9.20%
Estimated rate of return on plan assets	9.55%	9.60%
Weighted expected rate of salary increase	7.50%	7.50%

(1) *pertains to transfer of assets to group companies*

in ₹ crore

Particulars	As at March 31,				
	2015	2014	2013	2012	2011
Obligations at year / period end	52	40	37	28	19
Plan assets at year / period end, at fair value	53	41	37	30	20
Funded Status	1	1	–	2	1
Experience adjustments:					
(Gain) / loss:					
Experience adjustments on plan liabilities	(7)	(2)	–	–	2
Experience adjustments on plan assets	(1)	–	–	–	–

in ₹ crore

Particulars	Year ended March 31,	
	2015	2014
Service cost	6	5
Interest cost	3	3
Expected return on plan assets	(4)	(4)
Actuarial (gain) / loss	10	1
Net Gratuity cost	15	5

As at March 31, 2015 and March 31, 2014, the plan assets have been primarily invested in insurer managed funds. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. The Group expects to contribute approximately ₹17 crore to the gratuity trust during fiscal year 2016.

2.26 Provident Fund

The Company contributed ₹49 crore towards Provident Fund during the year ended March 31, 2015 (₹16 crore during the year ended March 31, 2014).

2.27 Superannuation

The Company contributed less than ₹1 crore to the Superannuation Trust during the year ended March 31, 2015 (less than ₹1 crore during the year ended March 31, 2014).

2.28 Pension Fund

The Company contributed ₹8 crore to pension funds during the year ended March 31, 2015 (₹8 crore during the year ended March 31, 2014)

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

in ₹ crore

Particulars	Year ended March 31,	
	2015	2014
Number of shares considered as basic weighted average shares outstanding	3,38,27,751	3,38,27,751
Add: Effect of dilutive issues of shares / stock options	–	–
Number of shares considered as weighted average shares and potential shares outstanding	3,38,27,751	3,38,27,751

2.30 Restricted deposits

Restricted Deposit as at March 31, 2015 comprises ₹ 59 crore (₹ 46 crore as at March 31, 2014) deposited with Life Insurance Corporation of India to settle employee-related obligations as and when they arise during the normal course of business.

2.31 Dues to micro and small enterprises

The Company has no dues to micro and small enterprises during the year ended March 31, 2015 and during year ended March 31, 2014.

2.32 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.

2.33 Function-wise classification of Statement of Profit and Loss account

in ₹ crore

Particulars	Year ended March 31,	
	2015	2014
Income from business process management services	2,510	2,323
Cost of revenue	1,652	1,441
GROSS PROFIT	858	882
Selling and marketing expenses	106	103
General and administration expenses	205	203
	311	306
OPERATING PROFIT BEFORE DEPRECIATION	547	576
Depreciation and amortization expense	50	70
OPERATING PROFIT	497	506
Other income, net	191	150
PROFIT BEFORE TAX	688	656
Tax expense:		
Current tax	167	156
Deferred tax	1	(12)
PROFIT FOR THE PERIOD	520	512

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

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants

Firm Registration Number: 101248W/W-100022

for Infosys BPO Limited

Akhil Bansal
Partner
Membership Number: 090906

U. B. Pravin Rao
Chairman and Director

Anup Uppadhayay
Managing Director and Chief Executive Officer

Prof. Jayanth R. Varma
Director

Dr. Omkar Goswami
Director

Rajiv Bansal
Director

Deepak Bhalla
Chief Financial Officer

Bengaluru
April 16, 2015

A. G. S. Manikantha
Company Secretary

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Infosys BPO s.r.o

Independent Auditors' Report

To the Members of Infosys BPO s.r.o

Report on the standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration no. 006673S

M. Rathnakar Kamath
Partner
Membership no. 202841

Place: Bengaluru
Date: April 17, 2015

Balance Sheet

in ₹

Particulars	Note	As at March 31,	
		2015	2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	3,49,78,993	3,49,78,993
Reserves and surplus	2.2	38,07,35,920	26,04,10,108
		41,57,14,913	29,53,89,101
CURRENT LIABILITIES			
Trade payables	2.3	37,40,689	17,61,068
Other current liabilities	2.4	13,44,80,527	20,87,99,895
Short-term provisions	2.5	4,04,40,230	4,19,70,248
		17,86,61,446	25,25,31,211
		59,43,76,359	54,79,20,312
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.6	2,65,17,919	3,64,61,622
Capital work-in-progress		–	–
		2,65,17,919	3,64,61,622
Deferred tax assets (net)	2.7	1,38,54,885	–
Long-term loans and advances	2.8	1,33,49,253	1,63,78,113
		2,72,04,138	1,63,78,113
CURRENT ASSETS			
Trade receivables	2.9	7,79,71,375	11,70,17,015
Cash and cash equivalents	2.10	33,53,89,290	25,81,74,778
Short term loans and advances	2.11	12,72,93,637	11,98,88,784
		54,06,54,302	49,50,80,577
		59,43,76,359	54,79,20,312
SIGNIFICANT ACCOUNTING POLICIES	1	–	–

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Anup Uppadhayay
Chairman of the Supervisory Board

Deepak Bhalla
Executive Director

Anantha Radhakrishnan
Director

Bengaluru,
April 17, 2015

Statement of Profit and Loss

in ₹

Particulars	Note	Year ended March 31	
		2015	2014
INCOME			
Revenues from business process management services		90,78,66,982	1,12,00,71,879
Other income	2.12	8,07,25,621	1,99,10,050
Total revenue		98,85,92,603	1,13,99,81,929
EXPENSES			
Employee benefit expenses	2.13	61,12,06,829	87,17,59,642
Cost of technical sub-contractors	2.13	80,27,475	(3,03,615)
Travel expenses	2.13	1,65,65,866	3,27,65,762
Cost of software packages	2.13	(81,87,577)	77,83,533
Communication expenses	2.13	1,07,86,795	1,16,66,289
Professional charges	2.13	1,77,93,200	7,50,80,659
Office expenses	2.13	90,87,196	1,06,33,801
Power and fuel	2.13	83,41,844	1,94,06,884
Insurance charges	2.13	25,80,025	44,34,525
Rent	2.13	7,79,94,538	8,24,77,622
Interest expense	2.13	–	8,83,189
Depreciation expense	2.6	1,53,75,032	2,86,69,653
Other expenses	2.13	(46,77,655)	2,02,90,414
Total Expenses		76,48,93,568	1,16,55,48,358
PROFIT / (LOSS) BEFORE TAX		22,36,99,035	(2,55,66,429)
Tax expense	2.14		
Current tax		4,71,44,564	–
Deferred tax		(1,64,22,072)	–
		3,07,22,492	–
PROFIT / (LOSS) FOR THE PERIOD		19,29,76,543	(2,55,66,429)

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Anup Uppadhayay
Chairman of the Supervisory Board

Deepak Bhalla
Executive Director

Anantha Radhakrishnan
Director

Bengaluru,
April 17, 2015

Cash Flow Statement

in ₹

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	22,36,99,035	(2,55,66,429)
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation	1,53,75,032	2,86,69,653
Interest income	(19,63,145)	(16,54,713)
Profit on sale of fixed assets	(67,54,027)	–
Effects of exchange rate on assets and liabilities	(6,64,57,604)	1,06,58,309
Cash operating profit	15,54,23,835	1,21,06,820
Changes in assets and liabilities		
Trade receivable	3,90,45,640	2,05,12,057
Unbilled revenue	(42,61,279)	98,48,261
Other assets	(1,14,714)	1,02,97,995
Trade payables	19,79,621	11,66,790
Client deposits	–	(2,76,79,001)
Unearned revenue	31,25,447	–
Provisions	(3,13,11,383)	1,66,07,722
Other liabilities	(7,74,44,815)	7,85,44,130
Cash generation from operations	9,49,17,808	12,14,04,774
Income tax paid during the year, net	1,47,96,012	–
NET CASH GENERATED / (USED) BY OPERATING ACTIVITIES	8,01,21,796	12,14,04,774
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets and change in capital work-in-progress / advances	(1,51,02,932)	(4,56,99,516)
Proceeds from sale of fixed assets	1,02,32,503	–
Interest received, net	19,63,145	34,92,956
NET CASH GENERATED / (USED) BY INVESTING ACTIVITIES	(29,07,284)	(4,22,06,560)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan received from group companies	–	4,97,21,280
Loan repaid to to group companies	–	(11,60,16,320)
Interest repaid	–	(12,16,452)
Loans repaid by subsidiaries	–	11,83,93,060
NET CASH GENERATED / (USED) BY FINANCING ACTIVITIES	–	5,08,81,568
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	25,81,74,778	12,80,94,996
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	7,72,14,512	13,00,79,782
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	33,53,89,290	25,81,74,778

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Anup Uppadhayay
Chairman of the Supervisory Board

Deepak Bhalla
Executive Director

Anantha Radhakrishnan
Director

Bengaluru,
April 17, 2015

Significant accounting policies and notes on accounts

Company overview

Infosys BPO s.r.o is a leading provider of business process management services to organizations that outsource their business processes. Infosys BPO s.r.o is a wholly-owned and controlled subsidiary of Infosys BPO Limited. The Company leverages the benefits of service delivery globalization, process redesign and technology and thus drives efficiency and cost effectiveness into client's business processes and thereby improve their competitive position by managing their business processes in addition to providing increased value.

1. Significant accounting policies

1.1 Basis of preparation of financial statements

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

1.2 Use of estimates

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

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

1.3 Revenue recognition

The Company derives its revenues primarily from business process management services either, on a time-and-material, fixed-price, fixed-time frame or unit-price basis. Revenue on time-and-material contracts is recognized as the related services are rendered and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-time frame contracts, where there is no uncertainty as to measurement and 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. Revenues from unit-priced contracts are recognized as transactions are processed based on objective measures of output. Cost and earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and earnings is classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount / incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increase in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligation for discount using a cumulative catch-up approach. The discounts are passed on the customer either as direct payments or as a reduction of payments due from customer.

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

Profit on sale of investment is recorded on the transfer of title from the Company and is determined as the difference between the sale price and the carrying value of the investment. Interest on deployment of surplus funds is recognized using time proportion method, based on underlying interest rates. Dividend income is recognized when the Company's right to receive dividend is established.

1.4 Expenditure

The cost of software user licenses purchased for rendering business process management services is charged to revenue when put to use. 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 profit and loss account over the lease term.

1.5 Tangible assets and capital work-in-progress

Fixed assets are stated at cost, after reducing accumulated depreciation and impairment if any. Direct costs are capitalized until the assets are ready for use. Capital work-in-progress includes the cost of fixed assets that are not yet ready for their intended use.

Intangible assets including goodwill

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

1.6 Depreciation

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

Buildings (1)	22-25years
Computer equipment (1)	3-5 years
Plant and machinery	5 years
Furniture and fixtures (1)	5 years
Office equipment	5 years

(1) *For the above class of assets, based on internal assessment and independent technical evaluation carried out by external valuers the Management believes that the useful lives as given above best represent the period over which 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 Companies Act 2013.*

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

1.7 Benefits to employees

Compensated absences

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

1.8 Foreign currency transactions

Monetary assets and monetary liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet. The resulting difference is also recorded 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 determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

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

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.9 Forward contracts and option contracts in foreign currencies

The Company uses foreign-exchange forward and options contracts to hedge its exposure to movements in foreign exchange rates. The use of these foreign-exchange forward and options contracts reduce the risk or cost to the Company and the Company does not use those for trading or speculation purposes.

Effective April 1, 2008, the Company adopted the principle of Accounting Standard AS 30 Financial Instruments : Recognition and Measurement, to the extent that the adoption did not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company law and other regulatory requirements.

Forward and options contracts are fair valued at each reporting date. The resultant gain or loss from these transaction are recognized in the Statement of Profit and Loss. The Company records the gain or loss on effective hedges in the foreign currency fluctuation reserve until the transactions are complete. On completion, the gain or loss is transferred to the Statement of Profit and Loss of that period. To designate a forward contract or option contracts as an effective hedge, management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract and subsequently evaluates whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. In the absence of a designation as an effective hedge, a gain or loss is recognized in the profit and loss account. Currently, the hedges undertaken by the Company are all ineffective in nature and the resultant gain or loss consequent to fair valuation is recognized in the Statement of Profit and Loss at each reporting date.

1.10 Income tax

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax for the period based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

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

1.11 Provisions and contingent liability

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

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from the contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the lower of the expected cost of terminating the contract and the expected cost of fulfilling the contract.

1.12 Impairment of fixed assets

Management periodically assesses using, external and internal sources, whether there is an indication that an asset (including goodwill) may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13 Investments

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current or long-term based on the Management's intention. Current investments are carried at the lower of cost and fair value of each, investment individually. Cost for overseas investments comprises the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

1.14 Cash and Cash Equivalents

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

1.15 Cash Flow Statement

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

2. Notes on accounts for the quarter and year ended March 31, 2015

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

2.1 Share capital

in ₹

Particulars	As at March 31,	
	2015	2014
AUTHORIZED		
Share Capital	3,49,78,993	3,49,78,993
	3,49,78,993	3,49,78,993
Issued, subscribed and paid up		
Share capital	3,49,78,993	3,49,78,993
(Wholly-owned subsidiary of Infosys BPO Limited)	–	–
	3,49,78,993	3,49,78,993

2.2 Reserves and surplus

in ₹

Particulars	As at March 31,	
	2015	2014
Foreign currency translation reserve	(1,28,27,357)	5,98,23,374
Balance in profit and loss account – opening balance	20,05,86,734	22,61,53,163
Add: Profit / (Loss) during the year	19,29,76,543	(2,55,66,429)
Balance in profit and loss account – closing balance	39,35,63,277	20,05,86,734
	38,07,35,920	26,04,10,108

2.3 Trade payables

in ₹

Particulars	As at March 31,	
	2015	2014
Trade payables	37,40,689	17,61,068
	37,40,689	17,61,068

2.4 Other current liabilities

in ₹

Particulars	As at March 31,	
	2015	2014
Accrued salaries and benefits		
Salaries	2,48,94,036	5,43,63,074
Bonus and incentives	49,25,710	1,16,60,223
Provision for expenses	7,36,19,864	12,68,84,992
Withholding and other taxes	90,07,539	1,20,32,831
Other payables	53,19,998	–
Unearned revenue	31,25,447	–
Mark to market loss on forward exchange contract	1,35,87,933	38,58,775
	13,44,80,527	20,87,99,895

2.5 Short-term provisions

in ₹

Particulars	As at March 31,	
	2015	2014
Provision for employee benefits		
Unavailed leave	74,84,031	2,78,75,527
Others		
Provision for		
Income taxes	2,97,81,365	–
SLA compliance	31,74,834	1,40,94,721
	4,04,40,230	4,19,70,248

Provision for SLA compliance

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

in ₹

Particulars	Year ended March 31,	
	2015	2014
Balance at the beginning of the year	1,40,94,721	43,69,953
Provision / (Reversal) made during the year	(61,80,698)	97,24,768
Provisions utilized during the year	(47,39,189)	–
Balance at the end of the year	31,74,834	1,40,94,721

Provisions for SLA compliance and other provisions are expected to be utilized over a period of six months to one year.

2.6 Fixed assets

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

(in ₹)

Particulars	Tangible assets				Total
	Leasehold Improvements	Office equipment	Computer equipment	Furniture and fixtures	
Original cost					
As at April 1, 2014	1,96,14,393	1,52,64,596	11,60,78,517	3,36,86,061	18,46,43,567
Additions / adjustments during the period	77,761	56,83,778	93,41,393	–	1,51,02,932
Deductions / retirement during the period	–	–	2,14,93,640	–	2,14,93,640
Foreign exchange difference	(36,37,106)	28,85,460	(2,24,27,943)	(62,46,422)	(3,51,96,931)
As at March 31, 2015	1,60,55,048	1,80,62,914	8,14,98,327	2,74,39,639	14,30,55,928
Depreciation and amortization					
As at April 1, 2014	1,96,14,393	1,13,59,395	9,26,85,286	2,45,22,871	14,81,81,945
For the period	4,278	26,68,475	1,03,33,558	23,68,721	1,53,75,032
Deductions / adjustments during the period	–	–	1,80,15,164	–	1,80,15,164
Foreign exchange difference	(36,37,124)	(24,40,630)	(1,80,74,631)	(48,51,419)	(2,90,03,804)
As at March 31, 2015	1,59,81,547	1,15,87,240	6,69,29,049	2,20,40,173	11,65,38,009
As at March 31, 2015	73,501	64,75,674	1,45,69,278	53,99,466	2,65,17,919

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

in ₹

Particulars	Tangible assets				Total
	Leasehold Improvements	Office equipment	Computer equipment	Furniture and fixtures	
Original cost					
As at April 1, 2013	1,75,36,046	1,18,10,822	7,47,06,809	2,28,74,289	12,69,27,966
Additions / adjustments during the period	–	20,53,971	3,25,17,569	81,00,745	4,26,72,285
Deductions / retirement during the period	–	–	–	–	–
Foreign exchange difference	20,78,347	13,99,802	88,54,140	27,11,027	1,50,43,316
As at March 31, 2014	1,96,14,393	1,52,64,596	11,60,78,517	3,36,86,061	18,46,43,567
Depreciation and amortization					
As at April 1, 2013	1,63,01,239	86,51,686	6,29,94,005	1,95,49,277	10,74,96,207
For the period	14,84,814	17,15,807	2,27,43,952	27,25,080	2,86,69,653
Deductions / adjustments during the period	36,56,680	19,83,804	1,38,94,658	44,97,028	2,40,32,170
Foreign exchange difference	18,28,340	9,91,902	69,47,329	22,48,514	1,20,16,085
As at March 31, 2014	1,96,14,393	1,13,59,395	9,26,85,286	2,45,22,871	14,81,81,945
Net book value					
As at March 31, 2014	–	39,05,201	2,33,93,231	91,63,190	3,64,61,622

During the quarter ended June 30, 2014, the Management reassessed the remaining useful life of assets primarily consisting of buildings and computers. Accordingly the useful lives of certain assets required a change from the previous estimates.

The existing and revised useful lives are as below:

Category of assets	Existing useful life	Revised useful life (Years)
Building	15	22-25
Plant and machinery	5	5
Computer equipment	2	3-5
Furniture and fixtures	5	5
Vehicles	5	5

Had the Company continued with the previously assessed useful lives, charge for depreciation and cost of sales for the year ended March 31, 2015 would have been higher by ₹93,67,152 for assets held at April 1, 2014. The revision of the useful lives will result in the following changes in the depreciation expense based on the original useful life of asset.

Amount in ₹

Particulars	FY 2016	After FY 2016 (till the end of estimated useful life)
Increase / (Decrease) in depreciation expense	31,94,756	61,72,396

2.7 Deferred tax assets

in ₹

Particulars	As at March 31,	
	2015	2014
Deferred tax assets		
Fixed assets	35,36,708	–
Unavailed leave	14,21,966	–
Post sales client support	8,25,190	–
Trade receivables	1,23,322	–
Others	79,47,699	–
	1,38,54,885	–

2.8 Long-term loans and advances

in ₹

Particulars	As at March 31,	
	2015	2014
Rental deposits	1,33,49,253	1,63,78,113
Advance income tax	–	–
	1,33,49,253	1,63,78,113

2.9 Trade receivables

in ₹

Particulars	As at March 31,	
	2015	2014
Other debts		
Unsecured		
Considered doubtful	6,49,059	96,06,209
Less: Provision for doubtful debts	6,49,059	96,06,209
	–	–
Considered good [(1)]	7,79,71,375	11,70,17,015
Considered doubtful	–	–
	7,79,71,375	11,70,17,015
Less: Provision for doubtful debts	–	–
	7,79,71,375	11,70,17,015
[(1)] *Includes dues from subsidiaries and other group companies(Refer to Note 2.18)*	1,03,33,009	1,17,39,531

2.10 Cash and cash equivalents

in ₹

Particulars	As at March 31,	
	2015	2014
Cash on hand	92,592	3,06,041
Balances with bank		
In current and deposit accounts	33,52,96,698	25,78,68,737
	33,53,89,290	25,81,74,778

The details of balances with banks as at March 31,2015 and March 31,2014 are as follows:

in ₹

Balances with scheduled banks	As at March 31,	
	2015	2014
In current accounts		
Deutsche bank – USD account	19,99,97,488	14,08,27,740
Deutsche bank – EUR account	2,17,95,671	7,60,83,473
Deutsche bank – CZK account	5,82,70,524	2,18,72,712
Citibank – subsidy account	6,600	8,562
Citibank – CZK account	5,52,26,415	1,39,03,745
Citibank – USD account	–	44,03,275
Citibank – EUR account	–	7,69,230
	33,52,96,698	25,78,68,737

2.11 Short term loans and advances:

in ₹

Particulars	As at March 31,	
	2015	2014
Unsecured, considered good		
Advances for goods and services	15,12,932	48,61,632
Loan to fellow subsidiaries	6,61,88,448	6,24,34,190
Withholding and other taxes receivable	65,75,742	31,06,514
	7,42,77,122	7,04,02,336
Unbilled Revenue	5,04,86,553	4,62,25,274
Others [(1)]	15,30,396	7,90,983
Loans and advances to employees	1,75,023	11,61,459
Electricity and other deposits	8,24,543	13,08,732
	12,72,93,637	11,98,88,784
Unsecured, considered doubtful		
Loans and advances to employees	96,529	1,05,481
	12,73,90,166	11,99,94,265
Less: Provision for doubtful loans and advances	96,529	1,05,481
	12,72,93,637	11,98,88,784
[(1)] *Includes dues from subsidiaries and other group companies (Refer to Note 2.18)*	8,84,941	7,90,983

2.12 Other income

in ₹

Particulars	Year ended March 31,	
	2015	2014
Miscellaneous income, net	2,54,99,163	1,24,45,753
Interest Income	19,63,145	16,54,713
Gains / (losses) on foreign currency, net	4,65,09,286	58,09,584
Profit on sale of fixed asset	67,54,027	–
	8,07,25,621	1,99,10,050

2.13 Expenses

in ₹

Particulars	Year ended March 31,	
	2015	2014
Employee benefit expenses		
Salaries and bonus excluding overseas staff expenses	44,13,15,905	64,60,09,068
Staff welfare	1,55,67,547	1,89,01,606
Contribution to provident and other funds	15,43,23,377	20,68,48,968
	61,12,06,829	87,17,59,642
Cost of technical sub-contractors		
Technical sub-contractors – subsidiaries	–	–
Technical sub-contractors – others	80,27,475	(3,03,615)
	80,27,475	(3,03,615)
Travel expenses		
Overseas travel expenses	1,35,74,774	2,95,23,790
Domestic travel expenses	29,91,092	32,41,972
	1,65,65,866	3,27,65,762
Cost of software packages		
Cost of software for own use	(81,87,577)	77,83,533
	(81,87,577)	77,83,533
Communication expenses		
Communication expenses	54,36,578	32,82,615
Telephone charges	53,50,217	83,83,674
	1,07,86,795	1,16,66,289
Professional charges		
Legal and professional charges	84,04,341	75,47,359
Auditor's remuneration		
Audit fees	13,65,738	14,36,447
Recruitment and training expenses	80,23,121	6,60,96,853
	1,77,93,200	7,50,80,659
Office expenses		
Computer maintenance	–	5,29,573
Printing and stationery	3,33,848	5,23,429
Office maintenance	58,92,619	58,56,889
Repairs to building	52,179	–
Repairs to Plant and Machinery	28,08,550	37,23,910
	90,87,196	1,06,33,801
Power and fuel		
Power and fuel	83,41,844	1,94,06,884
	83,41,844	1,94,06,884
Insurance		
Insurance charges	25,80,025	44,34,525
	25,80,025	44,34,525
Rent		
Rent	7,79,94,538	8,24,77,622
	7,79,94,538	8,24,77,622
Interest expense		
Interest expense on loan to fellow subsidiary	–	8,83,189
	–	8,83,189

in ₹

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Other expenses		
Consumables	(9,76,511)	24,53,745
Marketing expenses	–	84,105
Rates and taxes	20,96,647	16,80,027
Bank charges and commission	4,60,538	7,64,847
Postage and courier	9,25,910	6,08,310
Provision for doubtful debts	(84,75,456)	98,84,334
Provision for doubtful loans and advances	96,529	1,05,481
Professional membership and seminar participation fees	–	51,340
Other miscellaneous expenses	11,94,688	46,58,225
	(46,77,655)	2,02,90,414

2.14 Tax expenses

in ₹

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Current tax		
Income taxes	4,71,44,564	–
Deferred taxes	(1,64,22,072)	–
	3,07,22,492	–

2.15 Leases

Obligations on long-term non-cancellable operating leases

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

in ₹

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Lease rentals charged during the period	7,79,94,538	8,24,77,622

Lease obligations	As at March 31, 2015	As at March 31, 2014
Within one year of the Balance Sheet date	5,86,58,684	7,30,68,741
Due in a period between one year and five years	12,81,35,309	23,13,84,348
Later than five years	–	

2.16 Commitments and contingent liabilities

in ₹

Particulars	As at March 31, 2015	As at March 31, 2014
Estimated amount of unexecuted capital contracts (net of advance and deposits)	78,27,180	47,47,177

Derivative instrument

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

Particulars	As at March 31, 2015	As at March 31, 2014
Sell: Forward contracts outstanding		
USD / CZK	10,00,000	30,00,000
(Equivalent approximate in ₹)	(6,25,00,000)	(17,97,60,000)
CZK / USD	–	20,00,000
(Equivalent approximate in ₹)	–	(11,98,40,000)

As at the Balance Sheet date, the Company's net foreign currency exposure that is underhedged by a derivative instrument or otherwise is ₹28,21,80,558 (₹34,52,34,906 as at March 31, 2014).

The foreign exchange forward and option contracts mature between one to 12 months. The following table analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Balance Sheet date :

in ₹

Particulars	As at March 31, 2015	As at March 31, 2014
Later than one month and not later than three months	6,25,00,000	–
Later than three months and not later than one year	–	29,96,00,000
	6,25,00,000	29,96,00,000

The Company recognized a Loss on derivative financial instruments of ₹1,57,78,506 and Gain on derivative financial instruments of ₹4,80,500 during the year ended March 31, 2015 and March 31, 2014 respectively, which is included in other income.

2.17 Quantitative details

The Company is primarily engaged in providing business process management services. The sale of such services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5(viii)(c) of general instructions for preparation of statement of profit

2.18 Related party transactions

List of related parties:

in ₹

Name of the related party	Country	Holding as at March 31, 2015	Holding as at March 31, 2014
Infosys BPO Limited	India	100%	100%

Name of Ultimate Holding Company	Country
Infosys Limited	India

Fellow Subsidiaries	Country
Infosys BPO Poland Sp. z o.o.	Poland
Infosys BPO S. de R.L. de C.V. (13)	Mexico
Infosys McCamish Systems LLC (7)	U.S.
Portland Group Pty. Ltd.	Australia
Portland Procurement Services Pty. Ltd. (14)	Australia
Infosys Technologies S. de R.L. de C.V. (Infosys Mexico)	Mexico
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologia do Brasil Ltda. (Infosys Brasil)	Brazil
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (3)	Australia
Infosys Consulting India Limited (1)	India
Infosys Americas, Inc. (Infosys Americas) (2)	U.S.
EdgeVerve Systems Limited (EdgeVerve) (16)	India
Lodestone Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants (Canada) Inc. (4)(15)	Canada
Lodestone Management Consultants Inc. (4)	U.S.
Lodestone Management Consultants Pty. Limited (4)	Australia
Lodestone Management Consultants AG (4)	Switzerland
Lodestone Augmentis AG (5)	Switzerland
Hafner Bauer & Ödman GmbH (4)	Switzerland

Fellow Subsidiaries	Country
Lodestone Management Consultants (Belgium) S.A. [6]	Belgium
Lodestone Management Consultants GmbH [4]	Germany
Lodestone Management Consultants Pte Ltd. [4]	Singapore
Lodestone Management Consultants SAS [4]	France
Lodestone Management Consultants s.r.o. [4]	Czech
Lodestone Management Consultants GmbH [4]	Austria
Lodestone Management Consultants China Co., Ltd. [4]	China
Lodestone Management Consultants Ltd. [4]	U.K.
Lodestone Management Consultants BV [4]	Netherlands
Lodestone Management Consultants Ltda. [6]	Brazil
Lodestone Management Consultants sp. z o.o. [4]	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA [4]	Portugal
SC Lodestone Management Consultants S.R.L. [4]	Romania
Lodestone Management Consultants S.R.L. [4]	Argentina
Panaya Inc. [8]	U.S.
Panaya Limited [9]	Israel
Panaya GmbH [9]	Germany
Panaya Pty. Limited [9]	Australia
Panaya Japan Co. Ltd. [9]	Japan
Infosys Canada Public services Ltd. [10][11]	Canada
Infosys Nova Holdings LLC [12]	U.S.

Fellow associate	
DWA Nova LLC [17]	U.S.

(1) *The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.*
(2) *Incorporated effective June 25, 2013*
(3) *Under liquidation*
(4) *Wholly-owned subsidiaries of Lodestone Holding AG*
(5) *Wholly-owned subsidiaries of Lodestone Management Consultants AG*
(6) *Majority-owned and controlled subsidiaries of Lodestone Holding AG*
(7) *McCamish System LLC name has been changed to Infosys McCamish Systems LLC effective from May 30, 2013*
(8) *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
(9) *Wholly-owned subsidiary of Panaya Inc.*
(10) *Wholly-owned subsidiary of Infosys Public Services, Inc.*
(11) *Incorporated effective December 19, 2014*
(12) *Incorporated effective January 23, 2015*
(13) *Incorporated effective February 14, 2014*
(14) *Wholly-owned subsidiary of Portland Group Pty. Ltd. liquidated effective May 14, 2014*
(15) *Liquidated effective December 31, 2013*
(16) *Incorporated effective February 14, 2014*
(17) *Associate of Infosys Nova Holdings LLC*

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

in ₹

Particulars	Year ended March 31,	
	2015	2014
Capital transactions:		
Financial transactions		
Loan Taken		
Infosys BPO Poland Sp. z o.o.	–	4,96,14,000
	–	4,96,14,000
Loan repaid to		
Infosys BPO Poland Sp. z o.o.	–	11,57,66,000
	–	11,57,66,000
Loan repaid by		
Infosys McCamish Systems LLC	–	11,80,42,400
	–	11,80,42,400
Revenue transactions:		
Interest income		
Infosys BPO Poland Sp. z o.o.	–	–
Infosys McCamish Systems LLC	19,62,671	16,54,713
	19,62,671	16,54,713
Interest expense		
Infosys BPO Poland Sp. z o.o.	–	8,83,189
	–	8,83,189
Sale of services		
Infosys Limited	10,06,34,770	10,55,81,598
Infosys BPO Limited	22,69,235	–
Infosys BPO Poland Sp. z o.o.	3,01,66,814	86,89,052
	13,30,70,819	11,42,70,650
Sale of shared services including facilities and personnel		
Infosys Limited	29,553	–
Infosys BPO Poland Sp. z o.o.	11,99,312	–
Infosys BPO Limited	25,55,871	–
	37,84,736	–

Details of amounts due to or due from related parties as at March 31, 2015 and March 31, 2014.

in ₹

Particulars	As at, March 31,	
	2015	2014
Loans to fellow subsidiary		
Infosys McCamish Systems LLC	6,61,88,448	6,24,34,190
	6,61,88,448	6,24,34,190
Trade receivables		
Infosys Limited	45,97,846	1,17,39,531
Infosys BPO Poland Sp. z o.o.	46,10,493	–
Infosys BPO Limited	11,24,670	–
	1,03,33,009	1,17,39,531
Other receivables		
Infosys Limited	29,553	7,90,983
Infosys BPO Poland Sp. z o.o.	8,55,388	–
	8,84,941	7,90,983

2.19 Segment reporting

The Company's operations primarily relate to providing business process management services to organizations that outsource their business processes. Accordingly, revenues represented along industry classes comprise the primary basis of segmental information set out in these financial statements. Secondary segmental reporting is performed on the basis of the geographical location of customers.

The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the note on significant accounting policies.

Industry segments at the Company are primarily enterprises in Financial Services and Insurance (FSI), enterprises in Manufacturing (MFG), enterprises in Energy and utilities, Communication and Services (ECS), and enterprises in Retail, Consumer packaged goods and Logistics, and Life Sciences and Healthcare (RCL). Income in relation to segments is categorized based on items that are individually identified to those segments while expenditure is categorized in relation to the associated turnover of the segment. Expenses which form a significant component of total expenses are not specifically allocable to specific segments as the underlying services are used interchangeably. These expenses are separately disclosed as unallocated and adjusted only against the total income of the Company. The Company believes that it is not practical to provide segment disclosures relating to these costs and expenses, and accordingly these expenses are separately disclosed as unallocated and directly charged against total income. Fixed assets or liabilities contracted have not been identified to any reportable segments, as these are used interchangeably between segments. Accordingly no disclosure relating to total segment assets and liabilities are made.

Geographical segments are segregated based on the location of the customers, or in relation to which the revenue is otherwise recognized.

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Allocated expenses of segments include expenses incurred for rendering services from the Company's offshore software development centers and on-site expenses, which are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. Management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as unallocated and adjusted against the total income of the Company.

Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made. Geographical information on revenue and industry revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

Industry segments

Year ended March 31, 2015 and *March 31, 2014*

in ₹

Particulars	FSI	MFG	RCL	ECS	Total
Revenues	28,26,41,475	49,94,74,080	7,68,05,956	4,89,45,471	90,78,66,982
	13,87,90,604	*85,45,15,109*	*8,15,46,825*	*4,52,19,341*	*1,12,00,71,879*
Identifiable operating expenses	10,98,25,745	24,30,40,254	4,17,88,913	2,19,14,774	41,65,69,686
	6,28,38,859	*54,56,72,350*	*4,26,31,892*	*1,83,18,133*	*66,94,61,234*
Allocated expenses	10,22,79,563	18,49,23,128	2,75,29,415	1,82,16,744	33,29,48,850
	5,60,95,285	*35,77,38,988*	*3,34,94,888*	*2,00,88,310*	*46,74,17,471*
Segmental operating profit	7,05,36,167	7,15,10,698	74,87,628	88,13,953	15,83,48,446
	1,98,56,460	*(4,88,96,229)*	*54,20,045*	*68,12,898*	*(1,68,06,826)*
Unallocable expenses					1,53,75,032
					2,86,69,653
Profit before other income					14,29,73,414
					(4,54,76,479)
Other income					8,07,25,621
					1,99,10,050
Profit / (Loss) before tax					22,36,99,035
					(2,55,66,429)
Tax expense					3,07,22,492
					–
Profit / (Loss) for the period					19,29,76,543
					(2,55,66,429)

Geographical segments

Year ended March 31, 2015 and *March 31, 2014*

in ₹

Particulars	North America	Europe	Others	Total
Revenues	29,46,17,339	61,31,99,114	50,529	90,78,66,982
	17,52,60,384	*94,48,11,495*	*–*	*1,12,00,71,879*
Identifiable operating expenses	10,55,70,384	31,09,67,490	31,812	41,65,69,686
	7,53,84,138	*59,40,77,096*	*–*	*66,94,61,234*
Allocated expenses	10,67,20,309	22,62,15,149	13,392	33,29,48,850
	7,28,18,228	*39,45,99,243*	*–*	*46,74,17,471*
Segmental operating profit	8,23,26,646	7,60,16,475	5,325	15,83,48,446
	2,70,58,018	*(4,38,64,844)*	*–*	*(1,68,06,826)*
Unallocable expenses				1,53,75,032
				2,86,69,653
Profit before other income				14,29,73,414
				(4,54,76,479)
Other income				8,07,25,621
				1,99,10,050
Profit / (Loss) before tax				22,36,99,035
				(2,55,66,429)
Tax expense				3,07,22,492
				–
Profit / (Loss) for the period				19,29,76,543
				(2,55,66,429)

2.20 Function-wise classification of Statement of Profit and Loss

in ₹

Profit and Loss account for the	Year ended March 31, 2015	Year ended March 31, 2014
Income from software services and products	90,78,66,982	112,00,71,879
Cost of revenue	66,55,22,376	100,44,17,813
GROSS PROFIT / (LOSS)	24,23,44,606	11,56,54,066
Selling and marketing expenses	21,60,382	85,51,980
General and administration expenses	8,18,35,778	12,39,08,912
	8,39,96,160	13,24,60,892
OPERATING PROFIT / (LOSS) BEFORE DEPRECIATION	15,83,48,446	(1,68,06,826)
Depreciation	1,53,75,032	2,86,69,653
OPERATING PROFIT / (LOSS)	14,29,73,414	(4,54,76,479)
Other income, net	8,07,25,621	1,99,10,050
PROFIT / (LOSS) BEFORE TAX	22,36,99,035	(2,55,66,429)
Tax expense		
Current tax	4,71,44,564	–
Deferred tax	(1,64,22,072)	
PROFIT / (LOSS) FOR THE YEAR	19,29,76,543	(2,55,66,429)

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

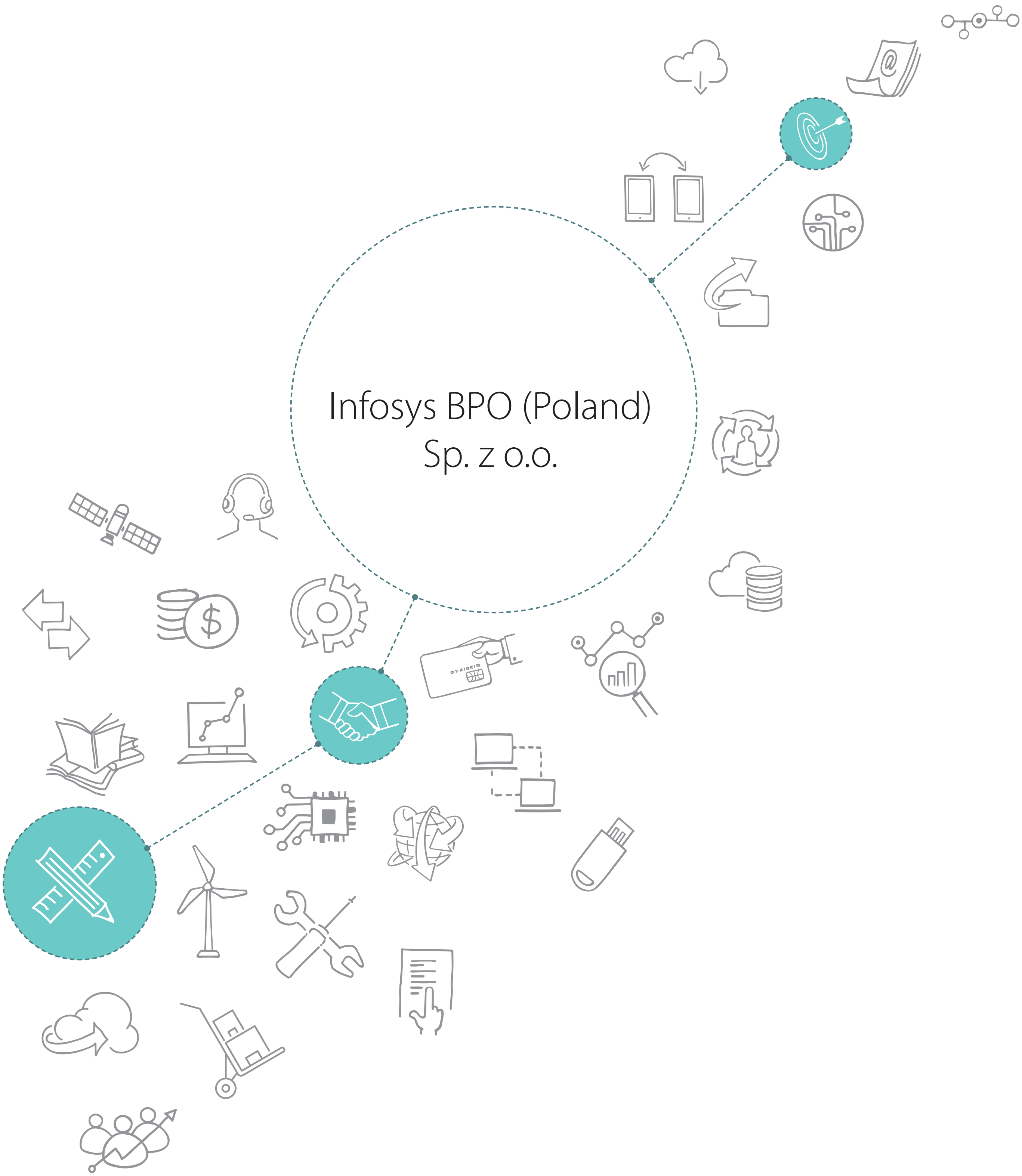
M. Rathnakar Kamath
Partner
Membership Number : 202841

Anup Uppadhayay
Chairman of the Supervisory Board

Deepak Bhalla
Executive Director

Anantha Radhakrishnan
Director

Bengaluru,
April 17, 2015


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

Independent Auditors' Report

To the Members of Infosys BPO Sp. z o.o.

Report on the standalone Financial Statements

We have audited the accompanying standalone financial statements of Infosys BPO Sp. z o.o. ('the Company'), which comprises the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2015 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, We report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Place: Bengaluru
Date: April 17, 2015

Balance Sheet

in ₹

Particulars	Note	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	3,93,50,000	3,93,50,000
Reserves and surplus	2.2	2,44,45,29,379	2,36,41,24,827
		2,48,38,79,379	2,40,34,74,827
CURRENT LIABILITIES			
Trade payables	2.3	4,11,24,881	3,90,55,042
Other current liabilities	2.4	81,46,99,584	55,80,38,696
Short-term provisions	2.5	26,82,28,582	31,45,98,870
		1,12,40,53,047	91,16,92,608
		3,60,79,32,426	3,31,51,67,435
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.6	22,10,47,026	25,59,43,915
Intangible assets	2.6	35,20,12,240	35,20,12,240
		57,30,59,266	60,79,56,155
Deferred tax assets, net	2.7	10,18,20,442	8,41,19,050
Long-term loans and advances	2.8	1,54,52,098	1,59,28,806
		11,72,72,540	10,00,47,856
CURRENT ASSETS			
Trade receivables	2.9	1,14,78,05,454	1,01,55,70,146
Cash and cash equivalents	2.10	1,41,09,65,221	1,25,88,09,149
Short-term loans and advances	2.11	35,88,29,945	33,27,84,129
		2,91,76,00,620	2,60,71,63,424
		3,60,79,32,426	3,31,51,67,435
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON ACCOUNTS	2		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Anup Uppadhayay
Chairman & Director

Deepak Bhalla
Director

Anantha Radhakrishnan
Director

Bengaluru
April 17, 2015

Statement of Profit and Loss

in ₹

Particulars	Note	Year ended March 31, 2015	Year ended March 31, 2014
INCOME			
Revenues from business process management services		4,57,42,79,402	3,94,36,43,149
Other income	2.12	7,26,24,757	2,97,16,298
Total revenue		4,64,69,04,159	3,97,33,59,447
EXPENSES			
Employee benefit expenses	2.13	2,61,66,10,070	2,19,03,98,260
Cost of technical sub-contractors	2.13	8,12,06,557	6,20,83,297
Travel expenses	2.13	20,18,98,879	22,19,46,758
Cost of software packages	2.13	3,36,44,227	60,68,498
Communication expenses	2.13	4,45,29,942	5,67,14,740
Professional charges	2.13	17,29,06,347	13,46,07,922
Office maintenance	2.13	9,14,55,951	8,21,41,906
Power and fuel	2.13	1,02,11,358	94,93,453
Insurance	2.13	35,78,926	72,02,528
Rent	2.13	23,78,94,764	20,64,14,851
Depreciation expense	2.6	8,64,41,568	10,24,50,083
Other expenses	2.13	11,91,28,322	11,09,50,669
		3,69,95,06,911	3,19,04,72,965
PROFIT BEFORE TAX		94,73,97,248	78,28,86,482
Tax expense:			
Current tax	2.14	24,51,10,643	23,81,07,904
Deferred tax		(3,39,40,067)	(8,51,35,418)
		21,11,70,576	15,29,72,486
PROFIT FOR THE PERIOD		73,62,26,672	62,99,13,996
EARNINGS PER SHARE			
Equity shares of par value ₹7,870/- each			
Basic		1,47,245	1,25,983
Diluted		1,47,245	1,25,983
Weighted average number of shares used in computing earnings per share			
Basic		5,000	5,000
Diluted		5,000	5,000

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Anup Uppadhayay
Chairman & Director

Deepak Bhalla
Director

Anantha Radhakrishnan
Director

Bengaluru
April 17, 2015

Cash Flow Statement

in ₹

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	94,73,97,248	78,28,86,482
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation	8,64,41,568	10,24,50,083
Interest income	(3,19,29,180)	(2,73,49,363)
Loss on sale of asset	24,152	67,43,662
Effect of exchange differences on translation of assets and liabilities	(36,66,93,192)	23,73,75,947
Changes in assets and liabilities		
Trade receivable	(14,53,30,679)	(30,59,36,845)
Unbilled revenue	(5,43,61,377)	(2,74,73,037)
Other assets	4,14,10,932	1,85,40,041
Trade payables	20,69,839	1,67,73,750
Client deposits	4,93,96,593	6,26,88,755
Unearned revenue	(2,99,51,656)	3,10,42,401
Provisions	(27,07,457)	7,26,87,248
Other liabilities	23,72,15,951	15,61,03,174
Income taxes paid (net)	(27,20,58,091)	(16,38,96,801)
Net cash provided by operating activities	46,09,24,651	96,26,35,497
CASH FROM INVESTING ACTIVITIES:		
Expenditure on acquisition of property, plant and equipment	(9,28,97,759)	(13,31,67,744)
Interest income	3,19,29,180	2,73,49,363
Net cash provided by / (used in) investing activities	(6,09,68,579)	(10,58,18,381)
Financing activities:		
Dividend payment	(24,78,00,000)	(24,11,58,200)
Cash received from group companies		11,83,44,147
Cash paid to group companies		(17,58,85,561)
Net cash provided by / (used in) financing activities	(24,78,00,000)	(29,86,99,614)
Effect of exchange rate changes on cash	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,25,88,09,149	70,06,91,647
Net increase / (decrease) in cash and cash equivalents	15,21,56,072	55,81,17,502
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1,41,09,65,221	1,25,88,09,149

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Anup Uppadhayay
Chairman & Director

Deepak Bhalla
Director

Anantha Radhakrishnan
Director

Bengaluru
April 17, 2015

Significant accounting policies and notes on accounts

Company overview

Infosys BPO Poland Sp. z o.o. is a leading provider of business process management services to organizations that outsource their business processes. Infosys BPO Poland Sp. z o.o. is a wholly-owned subsidiary of Infosys BPO Limited. The Company leverages the benefits of service delivery globalization, process redesign and technology, and thus drives efficiency and cost-effectiveness into clients' business processes and thereby improve their competitive position by managing their business processes in addition to providing increased value.

1 Significant accounting policies

1.1 Basis of preparation of financial statements

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

1.2 Use of estimates

The preparation of the financial statements in conformity with GAAP requires that the Management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, reported balances of assets, and liabilities and disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates includes computation of percentage-of-completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provision for doubtful debts, future obligations under employee benefit plans, provision for income taxes, provision for service-level agreements, and the useful lives of fixed tangible assets.

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

1.3 Revenue recognition

The Company derives its revenues primarily from business process management services either on a time-and-material, fixed-price, fixed-timeframe or unit-price basis. Revenue on time-and-material contracts is recognized as the related services are rendered and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-time frame contracts, where there is no uncertainty as to measurement and collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to the measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Revenues from unit-priced contracts are recognized as transactions are processed based on objective measures of output. Cost and earnings in excess of billings are classified as unbilled revenue, while billing in excess of cost and earnings is classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount / incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increase in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or the amount thereof cannot be estimated reliably, then the discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligation for discount using a cumulative catch-up approach. The discounts are passed on the customer either as direct payments or as a reduction of payments due from the customer.

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

Profit on the sale of investment is recorded on the transfer of title from the Company and is determined as the difference between the sale price and the carrying value of the investment. Interest on deployment of surplus funds is recognized using the time-proportion method, based on underlying interest rates. Dividend income is recognized when the Company's right to receive dividend is established.

1.4 Expenditure

The cost of software user licenses purchased for rendering business process management services is charged to revenue when put to use. Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at the 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 profit and loss account over the lease term.

1.5 Tangible assets and capital work-in-progress

Fixed assets are stated at cost, after reducing accumulated depreciation and impairment if any. Direct costs are capitalized until the assets are ready for use Capital work-in-progress includes the cost of fixed assets that are not yet ready for their intended use.

Intangible assets including goodwill

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

1.6 Depreciation

Depreciation on fixed assets is determined using the straight-line method based on the useful lives of assets as estimated by the Company. Depreciation for assets purchased / sold during the period is proportionately charged. Leasehold improvements are written off over the lower of the lease term or the useful life of the asset. Leasehold land is amortized over the lease period. Intangible assets are amortized over their useful life on a straight-line basis commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the various fixed assets as follows:

Buildings (1)	22-25 years
Computer equipment	3-5 years
Office equipment	5 years
Furniture and fixtures	5 years
Plant and machinery	5 years
Vehicles	5 years

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

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

1.7 Foreign currency transactions

Monetary assets and monetary liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet. The resulting difference is also recorded in the profit and loss account.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

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

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.8 Forward contracts and option contracts in foreign currencies

The Company uses foreign-exchange forward and options contracts to hedge its exposure to movements in foreign exchange rates. The use of these foreign-exchange forward and options contracts reduce the risk or cost to the Company and the Company does not use those for trading or speculation purposes.

Effective April 1, 2008, the Company adopted the principle of Accounting Standard AS 30 Financial Instruments: Recognition and Measurement, to the extent that the adoption did not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company law and other regulatory requirements.

Forward and options contracts are fair valued at each reporting date. The resultant gain or loss from these transactions are recognized in the Statement of Profit and Loss. The Company records the gain or loss on effective hedges in the foreign currency fluctuation reserve until the transactions are complete. On completion, the gain or loss is transferred to the Statement of Profit and Loss of that period. To designate a forward contract or option contracts as an effective hedge, the Management objectively evaluates and evidences, with appropriate supporting documents at the inception of each contract and subsequently, whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. In the absence of a designation as an effective hedge, a gain or loss is recognized in the profit and loss account. Currently, the hedges undertaken by the Company are all ineffective in nature, and the resultant gain or loss consequent to fair valuation is recognized in the Statement of Profit and Loss at each reporting date.

1.9 Income tax

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax for the period based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

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

1.10 Provisions and contingent liability

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

1.11 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from the contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the lower of the expected cost of terminating the contract and the expected cost of fulfilling the contract.

1.12 Impairment of fixed assets

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

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

1.14 Employee benefits

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

1.15 Cash and cash equivalents

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

1.16 Cash Flow Statement

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

2 Notes on accounts for the quarter and year ended March 31, 2015

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

2.1 Share capital

in ₹

Particulars	As at March 31	
	2015	2014
Authorized share capital,		
₹ 7,870 authorized 5,000(5000) shares	3,93,50,000	3,93,50,000
	3,93,50,000	3,93,50,000
Issued, subscribed and paid-up share capital		
₹ 7,870 authorized 5,000 (5000) shares		
(Of the above, 5,000 equity shares are held by the holding company, Infosys BPO Limited)	3,93,50,000	3,93,50,000
	3,93,50,000	3,93,50,000

Reconciliation of the number of shares outstanding:

Particulars	As at March 31,	
	2015	2014
Number of share outstanding at the beginning of the period	5,000	5,000
Add: Shares issued during the period	–	–
Number of shares outstanding at the end of the period	5,000	5,000

Details of shareholders holding more than 5% shares:

Name of the shareholder	As at March 31,			
	Number of shares		Percentage of total shares	
	2015	2014	2015	2014
Infosys BPO Limited, the holding company	5,000	5,000	100.00%	100.00%

There has been no buy-back of shares, issuance of bonus shares or shares issued for consideration other than cash during the last five years.

The Company has only one class of shares referred to as equity shares having a par value ₹ 7,870/-. Each holder of one equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive any of the remaining assets of the Company in proportion to the number of equity shares held by the shareholders, after distribution of all preferential amounts. However, no such preferential amounts exist as at the date of Balance Sheet.

2.2 Reserves and surplus

in ₹

Particulars	As at March 31	
	2015	2014
Securities premium account	39,34,96,852	39,34,96,852
Foreign currency translation reserve	(7,82,74,835)	32,97,47,285
Balance in profit and loss account – opening	1,64,08,80,690	1,25,21,24,896
Add: Profit during the year	73,62,26,672	62,99,13,996
Less: Interim dividend paid during the year	24,78,00,000	24,11,58,202
Balance in profit and loss account – closing	2,12,93,07,362	1,64,08,80,690
	2,44,45,29,379	2,36,41,24,827

2.3 Trade payables

in ₹

Particulars	As at March 31,	
	2015	2014
Trade payables (1)	4,11,24,881	3,90,55,042
	4,11,24,881	3,90,55,042
(1) *Includes dues to subsidiaries and other group companies (Refer to Note 2.18)*	46,13,493	2,89,80,697

2.4 Other current liabilities

in ₹

Particulars	As at March 31, 2015	As at March 31, 2014
Accrued salaries and benefits		
Salaries	14,07,38,935	6,95,033
Bonus and incentives	9,59,83,066	11,18,79,028
For other liabilities		
Provision for expenses [(1)]	33,34,96,129	25,10,09,663
Withholding and other taxes	8,68,33,825	8,62,34,985
Other payables [(2)]	1,34,02,407	
Advances subsidy claim received	12,05,80,967	7,11,84,374
Unearned revenue	70,83,957	3,70,35,613
Mark-to-market gain on forward contracts	1,65,80,298	–
	81,46,99,584	55,80,38,696
[(1)] *Includes dues to fellow subsidiaries (Refer to Note 2.18)*	47,86,378	–
[(2)] *Includes dues to fellow subsidiary (Refer to Note 2.18)*	8,55,943	–

2.5 Short-term provisions

in ₹

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for employee benefits		
Unavailed leave	9,81,05,705	9,86,25,878
Others		
Provision for		
Income taxes	12,58,94,377	16,95,57,208
SLA compliance	4,42,28,500	4,64,15,784
	26,82,28,582	31,45,98,870

Provision for SLA compliance

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

in ₹

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Balance at the beginning of the year	4,64,15,784	1,43,85,979
Provision recognized / (reversed) during the year	(10,90,934)	3,20,29,805
Provisions utilized during the year	10,96,350	–
Balance at the end of the year	4,42,28,500	4,64,15,784

The Management believes that the aforesaid provision will be utilized by way of efforts spent by employees on the respective project within a year.

2.6 Fixed assets

The following are the changes in the carrying value of fixed assets for the period ended March 31, 2015:

in ₹

Particulars	Tangible assets						Intangible assets	Total
	Land - leasehold	Office equipment (2)	Computer equipment (2)(3)	Furniture and fixtures (2)	Vehicles	Total	Intellectual property rights	
Original cost								
As at April 1, 2014	18,83,92,160	4,92,44,645	23,82,84,335	7,15,09,121	4,20,866	54,78,51,127	35,20,12,240	89,98,63,367
Additions / adjustments during the period	1,38,27,303	4,96,357	5,63,44,841	2,47,42,248	–	9,54,10,749	–	9,54,10,749
Deductions / retirement during the period	–	(20,01,472)	(1,54,60,291)	(1,21,092)	(4,02,447)	(1,79,85,302)	–	(1,79,85,302)
Foreign exchange difference	(3,25,40,062)	(82,59,150)	(4,52,40,647)	(1,42,66,235)	(18,419)	(10,03,24,513)	–	(10,03,24,513)
As at March 31, 2015	16,96,79,401	3,94,80,380	23,39,28,238	8,18,64,042	–	52,49,52,061	35,20,12,240	87,69,64,301
Depreciation and amortization								
As at April 1, 2014	4,30,24,041	4,01,62,503	17,00,31,618	3,82,68,184	4,20,866	29,19,07,212	–	29,19,07,212
For the period	3,62,29,025	24,03,273	3,31,53,074	1,46,56,196	–	8,64,41,568	–	8,64,41,568
Deductions / adjustments during the period	–	(20,01,472)	(1,29,75,679)	(1,21,092)	(3,49,917)	(1,54,48,160)	–	(1,54,48,160)
Foreign exchange difference	(1,09,17,438)	(92,25,617)	(3,12,22,680)	(75,58,901)	(70,949)	(5,89,95,585)		(5,89,95,585)
As at March 31, 2015	6,83,35,628	3,13,38,687	15,89,86,333	4,52,44,387	–	30,39,05,035	–	30,39,05,035
Net book value								
As at March 31, 2015	10,13,43,773	81,41,693	7,49,41,905	3,66,19,655	–	22,10,47,026	35,20,12,240	57,30,59,266

The following are the changes in the carrying value of fixed assets for the year ended March 31, 2014:

(in ₹)

	Tangible assets						Intangible assets	Total
Particulars	Land - leasehold	Office equipment (2)	Computer equipment (2)(3)	Furniture and fixtures (2)	Vehicles	Total	Intellectual property rights	
Original cost								
As at April 1, 2013	13,17,21,441	5,13,56,531	15,42,58,191	4,72,20,243	3,52,452	38,49,08,858	35,20,12,240	73,69,21,098
Additions / adjustments during the period	6,44,99,231	1,35,27,398	10,38,52,276	2,59,35,306	68,414	20,78,82,625	–	20,78,82,625
Deductions / retirement during the period	(78,28,512)	(1,56,39,284)	(1,98,26,132)	(16,46,428)	–	(4,49,40,356)	–	(4,49,40,356)
As at March 31, 2014	18,83,92,160	4,92,44,645	23,82,84,335	7,15,09,121	4,20,866	54,78,51,127	35,20,12,240	89,98,63,367
Depreciation and amortization								
As at April 1, 2013	1,16,09,961	3,95,67,857	11,19,14,167	2,60,52,300	3,52,452	18,94,96,737		18,94,96,737
For the period	3,54,82,050	32,98,538	5,54,14,704	82,54,791		10,24,50,083		10,24,50,083
Deductions / adjustments during the period	(40,67,970)	(27,03,892)	27,02,747	39,61,093	68,414	(39,608)	–	(39,608)
As at March 31, 2014	4,30,24,041	4,01,62,503	17,00,31,618	3,82,68,184	4,20,866	29,19,07,212	–	29,19,07,212
Net book value								
As at March 31, 2014	14,53,68,119	90,82,142	6,82,52,717	3,32,40,937	–	25,59,43,915	35,20,12,240	60,79,56,155

Capital work in progress

[1] *Includes foreign exchange conversion variance of ₹ 9,23,65,439*

[2] *Includes foreign exchange conversion variance of ₹ 5,73,73,998*

During the quarter ended June 30, 2014, the Management reassessed the remaining useful life of assets primarily consisting of buildings and computers. Accordingly, the useful lives of certain assets required a change from the previous estimates.

The existing and revised useful lives are as below:

Category of assets	Existing useful life (Years)	Revised useful life (Years)
Building	15	22-25
Plant and machinery	5	5
Computer equipment	2	3-5
Furniture and fixtures	5	5
Vehicles	5	5

The revision in the useful life of building and computer equipment has resulted in a decrease of depreciation expenses by ₹ 2,07,82,519 during the year ended March 31, 2015. The revision of the useful lives has resulted in the following changes in the depreciation expense based on the original useful life of asset.

in ₹

Particulars	FY 2016	After FY 2016
Increase in depreciation expense	49,15,530	1,58,66,989

2.7 Deferred tax assets

in ₹

Particulars	As at March 31,	
	2015	2014
Deferred tax asset	11,98,78,008	9,18,64,733
Less: Deferred tax liability		
Others	1,80,57,566	77,45,683
	10,18,20,442	8,41,19,050

2.8 Long-term loans and advances

in ₹

Particulars	As at March 31,	
	2015	2014
Advance income tax	1,54,52,098	1,59,28,806
	1,54,52,098	1,59,28,806

2.9 Trade receivables

in ₹

Particulars	As at March 31,	
	2015	2014
Debt outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	85,72,294	28,44,887
Less: Provision for doubtful debts	85,72,294	28,44,887
	–	–
Other debts		
Unsecured		
Considered good [(1)]	1,14,78,05,454	1,01,55,70,146
Considered doubtful	45,23,077	54,40,287
	1,15,23,28,531	1,02,10,10,433
Less: Provision for doubtful debts	45,23,077	54,40,287
	1,14,78,05,454	1,01,55,70,146
[(1)] *Includes dues from subsidiary companies (Refer to Note 2.18)*	3,57,96,846	4,40,12,800

2.10 Cash and cash equivalents

in ₹

Particulars	As at March 31,	
	2015	2014
Cash on hand	2,51,501	9,84,678
Balances with bank		
In current and deposit accounts	1,41,07,13,720	1,25,78,24,471
	1,41,09,65,221	1,25,88,09,149

Deposit accounts with more than 12 months' maturity

The details of balances with banks as at March 31, 2015 and March 31, 2014 are as follows:

in ₹

Balances with scheduled banks	As at March 31,	
	2015	2014
In current accounts		
Deutsche Bank – PLN account	19,31,12,456	11,59,971
Deutsche Bank – EUR account	1,03,56,140	5,94,491
Deutsche Bank, Esfund – PLN account	12,85,124	42,60,009
	20,47,53,720	60,14,471
In deposit account		
Deutsche Bank	1,20,59,60,000	1,25,18,10,000
	1,41,07,13,720	1,25,78,24,471

2.11 Short-term loans and advances

in ₹

Particulars	As at March 31,	
	2015	2014
Unsecured, considered good		
Prepaid expenses	47,44,742	43,22,619
Advances for goods and services	18,35,835	2,64,132
Loans to subsidiary	19,46,27,803	18,41,25,394
Withholding and other taxes receivables	1,25,03,393	1,92,62,157
	21,37,11,773	20,79,74,302
Unbilled revenue	9,49,29,785	2,74,73,037
Interest accrued but not due	58,88,470	11,32,688
Loans and advances to employees	20,63,810	1,18,57,145
Electricity and other deposits	21,922	1,22,81,011
Rental deposits	3,23,30,434	1,83,71,623
Loans and advances to group companies [(1)]	–	2,74,19,130
Mark-to-market loss on forward exchange contract	98,83,751	2,62,75,193
	35,88,29,945	33,27,84,129
Unsecured, considered doubtful		
Loans and advances to employees	10,66,581	–
	35,98,96,526	33,27,84,129
Less: Provision for doubtful loans and advances	10,66,581	–
	35,88,29,945	33,27,84,129
[(1)] *Includes dues with fellow subsidiaries (Refer to Note 2.18)*	–	2,74,19,130

2.12 Other income

in ₹

Particulars	Year ended March 31,	
	2015	2014
Interest income	3,19,29,180	2,73,49,363
Miscellaneous income	24,08,966	1,45,47,824
Exchange differences	3,82,86,611	(1,21,80,889)
	7,26,24,757	2,97,16,298

2.13 Expenses

in ₹

Particulars	Year ended March 31,	
	2015	2014
Employee benefit expenses		
Salaries and bonus excluding overseas staff expenses	2,15,94,45,197	1,81,15,08,979
Staff welfare	6,71,73,211	5,37,09,586
Contribution to provident and other funds	38,99,91,662	32,51,79,695
	2,61,66,10,070	2,19,03,98,260
Cost of technical sub-contractors		
Technical sub-contractors – subsidiaries	7,15,13,035	3,80,55,045
Technical sub-contractors – others	96,93,522	2,40,28,252
	8,12,06,557	6,20,83,297
Travel expenses		
Overseas travel expenses	20,10,75,505	22,12,74,288
Travel expenses	8,23,374	6,72,470
	20,18,98,879	22,19,46,758
Cost of software for own use		
Cost of software for own use	3,36,44,227	60,68,498
	3,36,44,227	60,68,498
Communication expenses		
Communication expenses	1,48,51,307	1,99,13,529
Telephone charges	2,96,78,635	3,68,01,211
	4,45,29,942	5,67,14,740
Professional charges		
Legal and professional charges	5,64,65,079	2,28,14,116
Auditor's remuneration		
Audit fees	18,27,986	21,37,042
Recruitment and training expenses	11,46,13,282	10,96,56,764
	17,29,06,347	13,46,07,922
Office expenses		
Printing and stationery	11,75,078	5,68,358
Office maintenance	9,02,80,873	8,15,73,548
	9,14,55,951	8,21,41,906
Power and fuel		
Power and fuel	1,02,11,358	94,93,453
	1,02,11,358	94,93,453
Insurance		
Insurance	35,78,926	72,02,528
	35,78,926	72,02,528
Rent		
Rent	23,78,94,764	20,64,14,851
	23,78,94,764	20,64,14,851
Other expenses		
Brand building and advertisement	23,91,847	22,28,186
Sales promotion expenses	6,72,176	5,74,090
Rates and taxes	5,15,74,076	3,54,73,268
Donations	10,23,533	11,72,819
Bank charges and commission	37,70,266	40,18,676
Postage and courier	75,71,132	90,13,778
Provision for doubtful debts	67,11,362	75,28,692
Other miscellaneous expenses	4,40,49,926	5,09,41,160
Provision for doubtful loans and advances	13,64,004	–
	11,91,28,322	11,09,50,669

2.14 Tax expenses

in ₹

Particulars	Year ended March 31,	
	2015	2014
Current tax	24,51,10,643	23,81,07,904
Deferred tax	(3,39,40,067)	(8,51,35,418)
	21,11,70,576	15,29,72,486

2.15 Leases

Obligations on long-term non-cancellable operating leases

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

in ₹

Particulars	Year ended March 31,	
	2015	2014
Lease rentals charged during the period	23,78,94,764	20,64,14,851

(in ₹)

Lease obligations	As at March 31	
	2015	2014
Within one year of the Balance Sheet date	19,00,84,492	18,64,30,966
Due in a year between one year and five years	76,03,37,967	74,57,23,862
Later than five years	57,02,53,475	29,62,46,466

The Company has entered into non-cancellable operating lease arrangements for premises with Green Horizon. The existing operating lease arrangements extend up to December 2024 from their respective dates of inception.

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

in ₹

Particulars	March 31,	
	2015	2014
Commitments		
Estimated amount of unexecuted capital contracts (net of advance and deposits)	3,43,91,275	2,15,94,422
Forward contracts outstanding		
EUR / PLN	45,00,000	1,35,00,000
(Equivalent approximate in ₹)	(30,23,55,000)	(1,11,63,15,000)
USD / PLN	30,00,000	30,00,000
(Equivalent approximate in ₹)	(18,75,00,000)	(17,97,45,000)

As at the Balance Sheet date, the Company's net foreign currency exposure that is under hedged by a derivative instrument or otherwise is ₹ 57,07,34,096 (over hedged by ₹ 33,25,86,792 as at March 31,2014)

The foreign exchange forward and option contracts mature between one and 12 months. The following table analyzes the derivate financial instruments into relevant maturity groupings based on the remaining period as of the Balance Sheet date:

Particulars	As at March 31,	
	2015	2014
Not later than one month	30,23,55,000	12,40,35,000
Later than one month and not later than three months	–	24,80,70,000
Later than three months and not later than one year	18,75,00,000	92,39,70,000
	48,98,55,000	1,29,60,75,000

The Company recognized a loss on derivate financial instruments of ₹ 2,05,78,587 and gain on derivative financial instruments of ₹ 4,37,47,395 during the year ended March 31, 2015 and March 31, 2014 respectively, which is included in other income.

2.17 Quantitative details

The Company is primarily engaged in providing business process management services. The sale of such services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5(viii)(c) of general instructions for the preparation of the Statement of Profit and Loss as per the revised Schedule VI to the Companies Act, 1956.

2.18 Related party transactions

List of related parties:

Name of the related party	Country	Holding as at March 31,	
		2015	2014
Infosys BPO Limited	India	100%	100%

Name of ultimate holding company	Country
Infosys Limited	India

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

Fellow associate	
DWA Nova LLC [1]	U.S.

(1) The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.
(2) Incorporated effective June 25, 2013
(3) Under liquidation
(4) Wholly-owned subsidiaries of Lodestone Holding AG
(5) Wholly-owned subsidiaries of Lodestone Management Consultants AG
(6) Majority-owned and controlled subsidiaries of Lodestone Holding AG
(7) McCamish Systems LLC name has been changed to Infosys McCamish Systems LLC effective from May 30, 2013
(8) On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.
(9) Wholly-owned subsidiary of Panaya Inc.
(10) Wholly-owned subsidiary of Infosys Public Services, Inc.
(11) Incorporated effective December 19, 2014
(12) Incorporated effective January 23, 2015
(17) Associate of Infosys Nova Holdings LLC
(13) Incorporated effective February 14, 2014
(14) Wholly-owned subsidiary of Portland Group Pty. Ltd. liquidated effective May 14, 2014
(15) Liquidated effective December 31, 2013
(16) Incorporated effective February 14, 2014

Related party transactions

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

in ₹

Particulars	Year ended March 31,	
	2015	2014
Financial transactions		
Loans given		
Infosys McCamish Systems, LLC	4,15,45,178	18,29,38,010
	4,15,45,178	18,29,38,010
Revenue transactions:		
Purchase of services		
Infosys BPO s.r.o.	2,99,37,912	87,40,295
Infosys BPO Ltd	3,55,09,266	2,93,14,749
Lodestone France	25,62,648	
Lodestone U.K.	35,03,210	–
	7,15,13,036	3,80,55,045
Interest income		
Infosys BPO s.r.o.	–	8,12,994

Particulars	Year ended March 31,	
	2015	2014
Infosys McCamish Systems LLC	32,48,716	16,44,511
	32,48,716	24,57,505
Sale of services		
Infosys Limited	43,95,050	3,55,40,478
Infosys BPO Limited	6,28,86,840	7,06,65,803
Lodestone Management Poland	3,21,70,402	8,51,00,514
	9,94,52,292	19,13,06,795
Dividend		
Infosys BPO Limited	24,78,00,000	24,11,58,200
	24,78,00,000	24,11,58,200

Details of amounts due to or due from related party as at March 31, 2015 and March 31, 2014.

in ₹

Particulars	As at March 31,	
	2015	2014
Loans given		
Infosys McCamish Systems, LLC	19,46,27,803	18,41,25,394
	19,46,27,803	18,41,25,394
Trade receivables		
Infosys Limited	22,68,517	49,62,482
Infosys BPO s.r.o, Czech Republic		
Infosys BPO Limited	3,35,28,327	52,98,976
Loadstone		3,37,51,342
	3,57,96,846	4,40,12,800
Trade payables		
Infosys BPO Limited	–	2,89,80,684
Infosys BPO s.r.o, Czech Republic	46,13,493	13
	46,13,493	2,89,80,697
Other payables		
Infosys BPO s.r.o, Czech Republic	8,55,943	
Other receivables		
Lodestone Management Consultants Ltd. (U.K.)	–	2,74,19,130
	–	2,74,19,130
Provision for expenses		
Infosys BPO Limited		
Lodestone Management Consultants U.K.	26,29,037	–
Lodestone Management Consultants France	21,57,341	–
	47,86,378	–

2.19 Segment reporting

The Company's operations primarily relate to providing business process management services to organizations that outsource their business processes. Accordingly, revenues represented along industry classes comprise the primary basis of segmental information set out in these financial statements. Secondary segmental reporting is performed on the basis of the geographical location of customers.

The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the note on significant accounting policies..

Industry segments at the Company are primarily enterprises in Financial Services and Insurance (FSI), enterprises in Manufacturing (MFG), enterprises in Energy and utilities, Communication and Services (ECS), and enterprises in Retail, Consumer packaged goods and Logistics, and Life Sciences and Healthcare (RCL).

Geographical segments are segregated based on the location of the customers, or in relation to which the revenue is otherwise recognized.

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Allocated expenses of segments include expenses incurred for rendering services from the Company's offshore software development centers and onsite expenses, which are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. The Management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as unallocated and adjusted against the total income of the Company.

Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made. Geographical information on revenue and industry revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

Industry segments

Year ended March 31, 2015 and *March 31, 2014*

in ₹

Particulars	FSI	MFG	RCL	ECS	Total
Revenues	2,12,22,146	3,78,40,83,540	64,38,65,474	12,51,08,242	457,42,79,402
	47,07,805	*3,22,19,75,874*	*53,98,57,538*	*17,71,01,932*	*3,94,36,43,149*
Identifiable operating expenses	1,46,92,057	195,59,13,182	28,46,70,740	8,14,84,096	233,67,60,075
	26,20,037	*165,26,96,747*	*27,24,39,591*	*12,96,47,241*	*205,74,03,616*
Allocated expenses	58,41,494	105,53,17,529	18,03,53,916	3,47,92,329	127,63,05,268
	12,03,245	*84,25,31,260*	*14,10,96,186*	*4,57,88,575*	*103,06,19,266*
Segmental operating profit	6,88,595	77,28,52,829	17,88,40,818	88,31,817	96,12,14,059
	8,84,523	*72,67,47,867*	*12,63,21,761*	*16,66,116*	*85,56,20,267*
Unallocable expenses					8,64,41,568
					10,24,50,083
Profit before other income					87,47,72,491
					75,31,70,184
Other income, net					7,26,24,757
					2,97,16,298
Net profit before tax					94,73,97,248
					78,28,86,482
Tax expense					21,11,70,576
					15,29,72,486
Profit for the period					73,62,26,672
					62,99,13,996

Geographical segments

Year ended March 31, 2015 and *March 31, 2014*

in ₹

Particulars	North America	Europe	Others	Total
Revenues	49,86,82,479	3,58,41,74,725	49,14,22,198	4,57,42,79,402
	35,41,68,237	*3,17,23,43,138*	*41,71,31,774*	*3,94,36,43,149*
Identifiable operating expenses	21,72,26,801	1,91,35,19,962	20,60,13,312	2,33,67,60,075
	19,70,92,063	*1,70,02,75,702*	*16,00,35,851*	*2,05,74,03,616*
Allocated expenses	13,90,14,812	1,00,02,18,866	13,70,71,590	1,27,63,05,268
	9,25,29,172	*82,89,29,954*	*10,91,60,140*	*1,03,06,19,266*
Segmental operating profit	14,24,40,866	67,04,35,897	14,83,37,296	96,12,14,059
	6,45,47,002	*64,31,37,482*	*14,79,35,783*	*85,56,20,267*
Unallocable expenses				8,64,41,568
				10,24,50,083
Profit before other income				87,47,72,491
				75,31,70,184
Other income, net				7,26,24,757
				2,97,16,298
Net profit before tax				94,73,97,248
				78,28,86,482
Tax expense				21,11,70,576
				15,29,72,486
Profit for the period				73,62,26,672
				62,99,13,996

2.20 Function-wise classification of Statement of Profit and Loss

in ₹

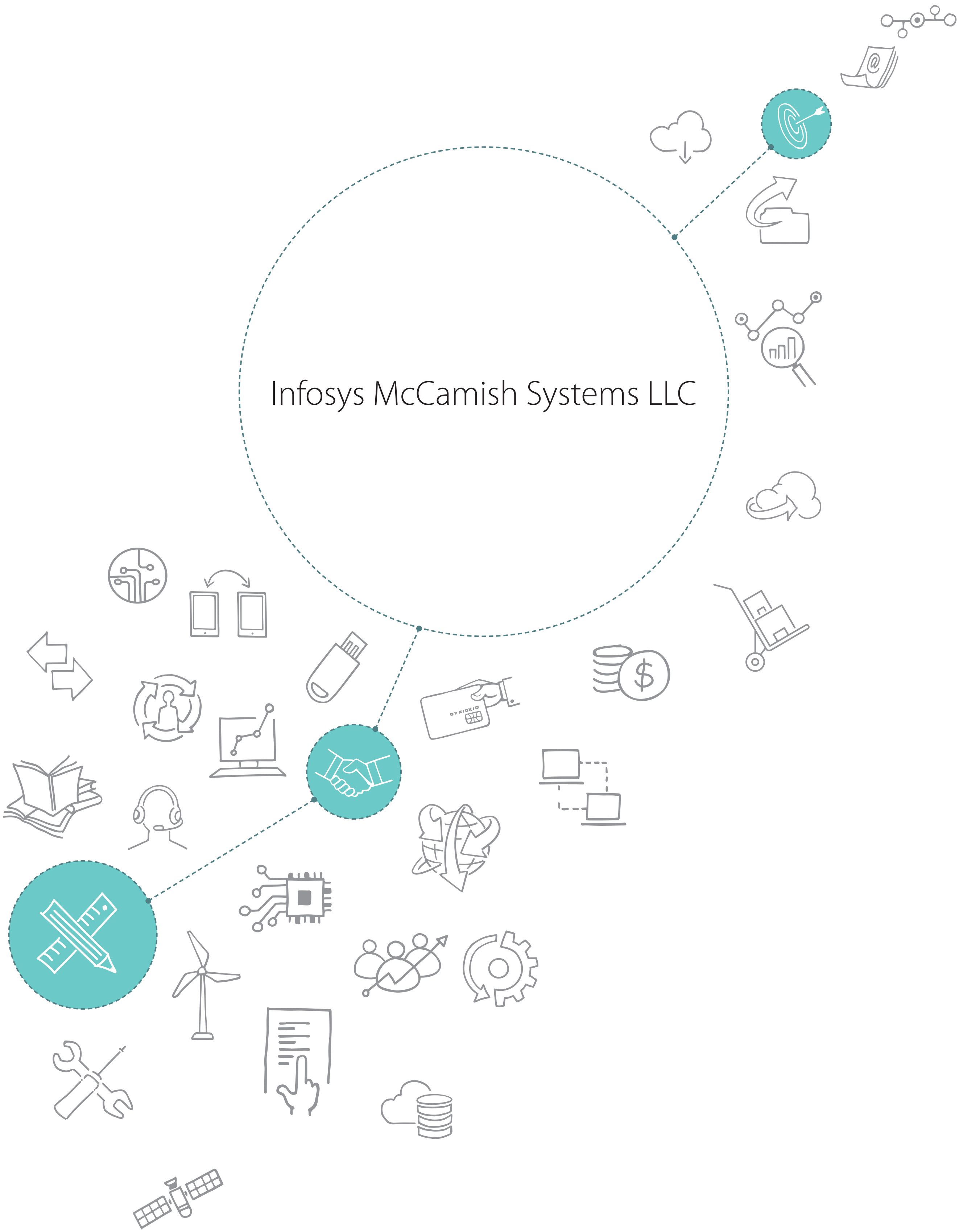
Particulars	Year ended March 31,	
	2015	2014
Income from software services and products	4,57,42,79,402	3,94,36,43,149
Cost of revenue	3,15,23,47,286	2,67,54,70,295
GROSS PROFIT	1,42,19,32,116	1,26,81,72,854
Selling and marketing expenses	1,45,77,294	1,15,80,871
General and administration expenses	44,61,40,763	40,09,71,716
	46,07,18,057	41,25,52,587
OPERATING PROFIT BEFORE DEPRECIATION	96,12,14,059	85,56,20,267
Depreciation	8,64,41,568	10,24,50,083
OPERATING PROFIT	87,47,72,491	75,31,70,184
Other income, net	7,26,24,757	2,97,16,298
PROFIT BEFORE TAX	94,73,97,248	78,28,86,482
Tax expense:		
Current tax	21,11,70,576	15,29,72,486
PROFIT FOR THE PERIOD	73,62,26,672	62,99,13,996

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath	Anup Uppadhayay	Deepak Bhalla	Anantha Radhakrishnan
Partner	*Chairman & Director*	*Director*	*Director*
Membership Number: 202841			

Bengaluru
April 17, 2015


Infosys McCamish Systems LLC

Independent Auditors' Report

To the Members of Infosys McCamish Systems LLC

Report on the standalone Financial Statements

We have audited the accompanying standalone financial statements of Infosys McCamish Systems LLC ('the Company'), which comprises the Balance sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, We report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Place: Bengaluru,
Date: April 17, 2015

Balance Sheet

in ₹

Particulars	Note	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	1,74,50,06,854	1,74,50,06,854
Reserves and surplus	2.2	(1,47,84,05,216)	(1,59,23,13,027)
		26,66,01,638	15,26,93,827
CURRENT LIABILITIES			
Trade payables	2.3	46,97,64,938	3,62,55,794
Other current liabilities	2.4	67,34,97,294	1,85,47,52,977
Unsecured loans		25,88,60,875	24,52,30,869
Short-term provisions	2.5	3,93,67,625	3,34,25,533
		1,44,14,90,732	2,16,96,65,173
		1,70,80,92,370	2,32,23,59,000
ASSETS			
NON-CURRENT ASSETS			
PROFIT / (LOSS) BEFORE TAX			
Tangible assets	2.6	11,14,46,125	7,95,95,810
Intangible assets		9,76,00,704	9,76,00,704
		20,90,46,829	17,71,96,514
CURRENT ASSETS			
Trade receivables	2.7	58,95,94,436	38,55,62,551
Cash and cash equivalents	2.8	77,52,94,688	26,02,37,653
Short term loans and advances	2.9	13,41,56,417	1,49,93,62,282
		1,49,90,45,541	2,14,51,62,486
		1,70,80,92,370	2,32,23,59,000
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report attached

for Shenoy & Kamath
Chartered Accountants

Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Anup Uppadhayay
Chairman & Director

Gordon Beckam
Chief Executive Officer

Bengaluru,
April 17, 2015

Statement of Profit and Loss

in ₹

Particulars	Note	Year ended March 31,	
		2015	2014
Revenues from business process management services		3,20,13,91,458	3,18,25,55,680
Other income	2.10	(30,15,832)	6,21,44,822
Total Revenue		3,19,83,75,626	3,24,47,00,502
Expenses			
Employee benefit expenses		1,63,17,60,734	1,63,53,52,549
Cost of technical sub-contractors	2.11	61,41,74,626	81,20,39,683
Travel expenses	2.11	2,85,28,802	3,56,91,687
Cost of Software packages	2.11	17,09,39,026	26,69,23,676
Communication expenses	2.11	6,12,44,198	4,27,95,872
Professional Charges	2.11	17,10,48,784	3,34,13,561
Office expenses	2.11	3,44,29,880	8,64,61,343
Power and fuel	2.11	25,27,528	28,51,972
Insurance charges	2.11	48,43,858	41,73,448
Rent	2.11	5,60,30,672	7,10,47,120
Finance cost	2.11	30,06,916	35,42,867
Depreciation	2.6	3,43,35,807	6,34,56,501
Other expenses	2.11	26,92,43,951	11,22,55,805
		3,08,21,14,782	3,17,00,06,084
PROFIT BEFORE TAX		11,62,60,844	7,46,94,418
Provision for taxation			
Current tax	2.12	6,25,700	–
		6,25,700	–
PROFIT FOR THE PERIOD		11,56,35,144	7,46,94,418

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

As per our report attached
for Shenoy & Kamath
Chartered Accountants

Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Anup Uppadhayay
Chairman & Director

Gordon Beckam
Chief Executive Officer

Bengaluru,
April 17, 2015

Statement of Cash Flow

in ₹

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after tax	11,56,35,144	7,46,94,418
Adjustments to reconcile net profit to net cash provided by Operating activities:		
Depreciation	3,43,35,807	6,34,56,501
Non cash interest expense	30,06,916	35,42,867
Provision for Doubtful debts	8,40,750	5,23,641
Liability for deferred consideration	–	(5,42,90,000)
Provision for tax	6,25,700	–
Effect of exchange differences on translation of foreign currency cash and cash equivalents	43,16,746	(4,31,54,804)
Changes in assets and liabilities		
Trade receivables	(20,48,72,635)	(1,33,38,436)
Other assets	1,36,52,05,865	(24,64,78,021)
Trade payables	43,35,09,144	1,97,53,806
Provisions	59,42,092	1,66,92,052
Other liabilities	(1,18,12,55,683)	28,68,78,991
NET CASH GENERATED / (USED) BY OPERATING ACTIVITIES	57,72,89,846	10,82,81,015
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditure on acquisition of property, plant and equipment	(6,22,32,811)	(8,24,98,169)
NET CASH GENERATED / (USED) BY INVESTING ACTIVITIES	(6,22,32,811)	(8,24,98,169)
CASH FLOWS FROM FINANCING ACTIVITIES		
Equity Infusion	–	10,56,89,000
Loan repayment	–	(11,80,42,400)
Loan from subsidiary	–	11,98,40,000
Interest paid on Loan	–	35,13,996
NET CASH GENERATED / (USED) BY FINANCING ACTIVITIES	–	11,10,00,596
NET CHANGE IN CASH AND CASH EQUIVALENTS	51,50,57,035	13,67,83,442
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	26,02,37,653	12,34,54,211
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	77,52,94,688	26,02,37,653

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

As per our report attached

for Shenoy & Kamath

Chartered Accountants

Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Anup Uppadhayay
Chairman & Director

Gordon Beckam
Chief Executive Officer

Bengaluru,
April 17, 2015

Significant accounting policies and notes on accounts

Company overview

Infosys McCamish Systems LLC (formerly McCamish Systems LLC) is a leading provider of business process management services to organizations that outsource their business processes. Infosys McCamish Systems LLC is a wholly-owned and controlled entity of Infosys BPO Limited. The Company leverages the benefits of service delivery globalization, process redesign and technology and thus drives efficiency and cost effectiveness into client's business processes and thereby improve their competitive position by managing their business processes in addition to providing increased value.

1 Significant accounting policies

1.1 Basis of preparation of financial statements

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

1.2 Use of estimates

The preparation of the financial statements in conformity with GAAP requires that the Management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, reported balances of assets and liabilities and disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates includes computation of percentage-of-completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provision for doubtful debts, future obligations under employee retirement benefit plans, provision for income taxes, provision for SLA and the useful lives of fixed tangible assets and intangible assets.

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

1.3 Revenue recognition

The Company derives its revenues primarily from business process management services either on a time-and-material, fixed-price, fixed-time frame or unit-price basis. Revenue on time-and-material contracts is recognized as the related services are rendered and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-time frame contracts, where there is no uncertainty as to measurement and 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. Revenues from unit-priced contracts are recognized as transactions are processed based on objective measures of output. Cost and earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and earnings is classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount / incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount / incentive. Also when the level of discount varies with increase in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligation for discount using a cumulative catch-up approach. The discounts are passed on the customer either as direct payments or as a reduction of payments due from customer.

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

Profit on sale of investment is recorded on the transfer of title from the Company and is determined as the difference between the sale price and the carrying value of the investment. Interest on deployment of surplus funds is recognized using time proportion method, based on underlying interest rates. Dividend income is recognized when the Company's right to receive dividend is established.

1.4 Expenditure

The cost of software user licenses purchased for rendering business process management services is charged to revenue when put to use. 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 profit and loss account over the lease term.

1.5 Tangible assets and capital work-in-progress

Fixed assets are stated at cost, after reducing accumulated depreciation and impairment if any. Direct costs are capitalized until the assets are ready for use. Capital work-in-progress includes the cost of fixed assets that are not yet ready for their intended use.

Intangible assets including goodwill.

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment. Goodwill, recorded on amalgamation in the nature of purchase is tested periodically for impairment.

1.6 Depreciation

Depreciation on fixed assets is determined using the straight-line method based on useful lives of assets as estimated by the Company. Depreciation for assets purchased / sold during the period is proportionately charged. Individual assets costing ₹ 5,000 or less are depreciated within a year of acquisition. Leasehold improvements are written off over the lower of the lease term or the useful life of the asset. Leasehold land is amortized over the lease period. Intangible assets are amortized over their useful life on a straight-line basis commencing from the date the asset is available to the Company for its use. Management estimates the useful lives for the various fixed assets as follows:

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

For the above class of assets, based on internal assessment and independent technical evaluation carried out by external valuers the Management believes that the useful lives as given above best represent the period over which 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 Companies Act 2013.

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

1.7 Retirement benefits to employees

Compensated absences

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

Foreign currency transactions

Monetary assets and monetary liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet. The resulting difference is also recorded 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 determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

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

Income tax

Income taxes are accrued in the same period the related revenue and expenses arise. A provision is made for income tax for the period based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets,on a year-on-year basis, the current tax assets and liabilities,where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

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

Provisions and contingent liability

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

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from the contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the lower of the expected cost of terminating the contract and the expected cost of fulfilling the contract.

Impairment of fixed assets

Management periodically assesses using, external and internal sources, whether there is an indication that an asset (including goodwill) may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use,which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

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 earning per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also 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 shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

Investments

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current or long-term based on the Management's intention. Current investments are carried at the lower of cost and fair value of each, investment individually. Cost for overseas investments comprises the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

Cash and Cash Equivalents

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

Cash Flow Statement

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

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

2.1 Share capital

in ₹

Particulars	As at March 31,	
	2015	2014
AUTHORIZED		
Share capital	1,74,50,06,854	1,74,50,06,854
	1,74,50,06,854	1,74,50,06,854
Issued, subscribed and paid up		
Share capital	1,74,50,06,854	1,74,50,06,854
(Wholly-owned subsidiary of Infosys BPO Limited)		
	1,74,50,06,854	1,74,50,06,854

2.2 Reserves and surplus

in ₹

Particulars	As at March 31,	
	2015	2014
Foreign currency translation reserve	(5,93,87,192)	(5,76,59,859)
Surplus - opening balance	(1,53,46,53,168)	(1,60,93,47,586)
Add: Profit during the year	11,56,35,144	7,46,94,418
Surplus - closing balance	(1,41,90,18,024)	(1,53,46,53,168)
	(1,47,84,05,216)	(1,59,23,13,027)

2.3 Trade payables

in ₹

Particulars	As at March 31,	
	2015	2014
Trade payables [1]	46,97,64,938	3,62,55,794
	46,97,64,938	3,62,55,794
[1] Includes dues to holding company (Refer to Note 2.16)	2,93,22,596	4,69,62,300

2.4 Other current liabilities

in ₹

Particulars	As at March 31,	
	2015	2014
Accrued salaries and benefits		
Salaries	7,05,54,938	9,39,68,282
Bonus and incentives	10,25,49,000	–
For other liabilities		
Provision for expenses [1]	36,14,69,127	35,14,52,551
Withholding and other payables	–	11,73,952
Due to carrier / insurance provider [2]	1,01,290	1,35,09,29,318
	53,46,74,355	1,79,75,24,103
Advances received from clients	50,00,000	–
Unearned revenue	11,43,01,001	4,14,76,924
Other payables [3]	1,95,21,938	1,57,51,950
	67,34,97,294	1,85,47,52,977
[1] Includes dues to ultimate holding company (Refer to Note 2.16)	5,04,98,000	–
[2] These amounts represents premiums collected from policy holders and payable to insurance providers by a service provider maintaining the amounts in fiduciary capacity		
[3] Includes dues to ultimate holding company and holding company (Refer to Note 2.16)	97,60,628	1,53,39,682

2.5 Short term provisions

in ₹

Particulars	As at March 31,	
	2015	2014
Provision for		
Income Taxes	6,25,000	–
SLA compliance	3,87,42,625	3,34,25,533
	3,93,67,625	3,34,25,533

Provision for SLA compliance

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

in ₹

Particulars	As at March 31,	
	2015	2014
Balance at the beginning of the year	3,34,25,533	1,67,33,481
Additional provision made during the year	57,22,691	1,66,92,052
Provisions used during the year	4,05,599	–
Balance at the end of the year	3,87,42,625	3,34,25,533

Provisions for SLA compliance and other provisions are expected to be utilized over a period of six months to one year.

2.6 Fixed assets

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

in ₹

Particulars	Tangible assets					Intangible assets		Total
	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures	Total	Goodwill	Total	
Original cost								
As at April 1, 2014	29,61,606	86,70,604	28,71,40,235	4,52,51,104	34,40,23,549	9,76,00,704	9,76,00,704	44,16,24,253
Additions / adjustments during the period	–	5,90,807	6,14,31,465	2,10,539	6,22,32,811	–	–	6,22,32,811
Deductions / retirement during the period	–	–	–	–	–	–	–	–
Foreign exchange difference	1,27,519	3,79,652	1,35,51,988	19,50,670	1,60,09,829	–	–	1,60,09,829
As at March 31, 2015	30,89,125	96,41,063	36,21,23,688	4,74,12,313	42,22,66,189	9,76,00,704	9,76,00,704	51,98,66,893
Depreciation and amortization								
As at April 1, 2014	29,61,606	42,32,449	23,50,52,199	2,21,81,485	26,44,27,739	–	–	26,44,27,739
For the period	–	21,58,669	2,56,69,857	65,07,281	3,43,35,807	–	–	3,43,35,807
Deductions / adjustments during the period	–	–	–	–	–	–	–	–
Foreign exchange difference	1,27,519	2,33,320	1,05,99,382	10,96,297	1,20,56,518	–	–	1,20,56,518
As at March 31, 2015	30,89,125	66,24,438	27,13,21,438	2,97,85,063	31,08,20,064	–	–	31,08,20,064
Net book value								
As at March 31, 2015	–	30,16,625	9,08,02,250	1,76,27,250	11,14,46,125	9,76,00,704	9,76,00,704	20,90,46,829

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

in ₹

Particulars	Tangible assets					Intangible assets		Total
	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures	Total	Goodwill	Total	
Original cost								
As at April 1, 2013	26,83,338	62,84,719	19,50,45,674	1,95,36,637	22,35,50,368	9,76,00,704	9,76,00,704	32,11,51,072
Additions / adjustments during the period	–	17,34,145	7,18,67,868	2,36,88,473	9,72,90,486	–	–	9,72,90,486
Deductions / retirement during the period	–	–	–	–	–	–	–	–
Foreign exchange difference	2,78,268	6,51,740	2,02,26,693	20,25,994	2,31,82,695	–	–	2,31,82,695
As at March 31, 2014	29,61,606	86,70,604	28,71,40,235	4,52,51,104	34,40,23,549	9,76,00,704	9,76,00,704	44,16,24,253
Depreciation and amortization								
As at April 1, 2013	25,26,114	23,75,622	16,51,06,531	1,29,63,203	18,29,71,470	–	–	18,29,71,470
For the period	1,68,719	16,36,028	5,36,24,565	80,27,189	6,34,56,501	–	–	6,34,56,501
Deductions / adjustments during the period	–	–	–	–	–	–	–	–
Foreign exchange difference	2,66,773	2,20,799	1,63,21,103	11,91,093	1,79,99,768	–	–	1,79,99,768
As at March 31, 2014	29,61,606	42,32,449	23,50,52,199	2,21,81,485	26,44,27,739	–	–	26,44,27,739
Net book value								
As at March 31, 2014	–	44,38,155	5,20,88,036	2,30,69,619	7,95,95,810	9,76,00,704	9,76,00,704	17,71,96,514

During the quarter ended June 30, 2014, the Management reassessed the remaining useful life of assets primarily consisting of buildings and computers. Accordingly the useful lives of certain assets required a change from the previous estimates.

The existing and revised useful lives are as below:

Category of assets	Existing useful life (Years)	Revised useful life (Years)
Computer equipment	2	3-5
Furniture and fixtures	5	5
Vehicles	5	5

Had the Company continued with the previously assessed useful lives, charge for depreciation and cost of sales for the year ended March 31, 2015 would have been higher by ₹2,84,95,303 for assets held at April 1, 2014. The revision of the useful lives will result in the following changes in the depreciation expense based on the original useful life of asset.

in ₹

Particulars	FY 2015	FY 2016	After FY 2016 (till the end of estimated useful life both current and proposed)
Decrease in depreciation expense	2,84,95,303	–	–
Increase in depreciation expense	–	58,89,869	2,26,05,434

2.7 Trade receivables

in ₹

Particulars	As at March 31,	
	2015	2014
Debt outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	8,40,750	5,23,641
Less: Provision for doubtful debts	8,40,750	5,23,641
	–	–
Other debts		
Unsecured		
Considered good[(1)]	58,95,94,436	38,55,62,551
Considered doubtful	36,37,875	66,271
	59,32,32,311	38,60,86,192
Less: Provision for doubtful debts	36,37,875	66,271
	58,95,94,436	38,55,62,551
[(1)] *Of which dues from subsidiary companies (Refer to Note 2.16)*	–	–

2.8 Cash and cash equivalents

in ₹

Particulars	As at March 31,	
	2015	2014
Cash on hand	–	–
Balances with bank		
In current and deposit accounts [(1)]	77,52,94,688	26,02,37,653
	77,52,94,688	26,02,37,653

The details of balances with banks as at March 31, 2015 and March 31, 2014 are as follows:

in ₹

Balances with scheduled banks	As at March 31,	
	2015	2014
In current accounts		
Bank of America-US$	39,19,72,625	25,99,32,061
Bank of America–US$–Trust Funds [(1)]	3,12,500	2,99,600
Wells Fargo [(2)]	38,30,09,563	5,992
	77,52,94,688	26,02,37,653

[(1)] *This represents restricted bank balance in trust account, in accordance with collection agency licensing requirements in U.S.*

[(2)] *This represents restricted bank balance held in fiduciary capacity as per agreement with C.N.A*

2.9 Short-term loans and advances:

in ₹

Particulars	As at March 31,	
	2015	2014
Unsecured, considered good		
Prepaid Expenses	46,65,000	97,27,413
Advances for goods and services	87,94,625	1,39,48,118
	1,34,59,625	2,36,75,531
Unbilled revenue	9,49,28,750	8,64,15,965
Withholding and other taxes receivable	1,84,438	–
Loans and advances - Others [(1)]	2,33,66,064	3,60,99,224
Electricity and other deposits	21,16,250	22,42,266
Due from service provider [(2)]	1,01,290	1,35,09,29,296
	13,41,56,417	1,49,93,62,282
[(1)] *Includes dues from ultimate holding company and holding company (Refer to Note 2.16)*	2,28,58,563	3,20,85,782

[(2)] *These amounts represents premiums collected from policy holders and payable to insurance providers by a service provider maintaining the amounts in fiduciary capacity.*

2.10 Other income

in ₹

Particulars	Year ended March 31,	
	2015	2014
Miscellaneous income	–	6,26,40,000
Exchange differences	(30,15,832)	(4,95,178)
	(30,15,832)	6,21,44,822

2.11 Expenses

in ₹

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Employee benefit expenses		
Salaries and bonus excluding overseas staff expenses	1,63,05,39,607	1,62,85,40,946
Staff welfare	12,21,127	68,11,603
	1,63,17,60,734	1,63,53,52,549
Cost of Technical sub-contractors	61,41,74,626	81,20,39,683
Travel expenses		
Overseas travel expenses	2,88,28,099	3,56,54,226
Traveling expenses	(2,99,297)	37,461
	2,85,28,802	3,56,91,687
Cost of software packages		
Cost of software for own use	17,09,39,026	26,69,23,676
	17,09,39,026	26,69,23,676
Communication expenses		
Communication expenses	5,63,43,203	2,90,42,342
Telephone charges	49,00,995	1,37,53,530
	6,12,44,198	4,27,95,872
Professional Charges		
Legal and professional charges	17,48,23,752	2,80,12,391
Auditor's remuneration		
audit fees	19,57,891	19,26,312
Recruitment and training expenses	(57,32,859)	34,74,858
	17,10,48,784	3,34,13,561
Office expenses		
Computer maintenance	2,56,60,533	7,31,62,289
Printing and stationery	18,43,042	77,00,976
Office maintenance	69,26,305	55,98,078
	3,44,29,880	8,64,61,343
Power and fuel		
Power and fuel	25,27,528	28,51,972
	25,27,528	28,51,972
Insurance charges		
Insurance charges	48,43,858	41,73,448
	48,43,858	41,73,448
Rent		
Rent	5,60,30,672	7,10,47,120
	5,60,30,672	7,10,47,120
Finance cost		
Finance cost	30,06,916	35,42,867
	30,06,916	35,42,867

in ₹

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Other expenses		
Consumables	1,70,31,881	15,93,851
Brand building and advertisement	20,85,580	98,77,888
Marketing expenses	(62,759)	62,697
Rates and taxes	99,23,102	1,06,56,334
Bank charges and commission	1,05,27,216	14,49,100
Postage and courier	18,79,35,027	7,36,79,132
Professional membership and seminar participation fees	7,09,257	24,79,918
Provision for doubtful debts	38,90,567	5,45,166
Provision for doubtful loans and advances	1,51,769	-
Other miscellaneous expenses	3,70,52,311	1,19,11,719
	26,92,43,951	11,22,55,805

2.12 Tax expenses

in ₹

Particulars	Year ended March 31,	
	2015	2014
Current tax		
Income taxes	6,25,700	–
	6,25,700	–

2.13 Leases

Obligations on long-term non-cancellable operating leases

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

in ₹

Particulars	Year ended March 31,	
	2015	2014
Lease rentals charged during the period	5,60,30,672	7,10,47,120

in ₹

Lease obligations	As at March 31,	
	2015	2014
Within one year of the Balance Sheet date	3,88,68,738	3,72,28,497
Due in a period between one year and five years	8,75,34,528	12,09,92,616
Later than five years	–	–
	12,64,03,266	15,82,21,113

2.14 Commitments and contingent liabilities

in ₹

Particulars	As at March 31,	
	2015	2014
Estimated amount of unexecuted capital contracts (net of advance and deposits)	3,75,67,326	2,50,42,902

2.15 Quantitative details

The Company is primarily engaged in providing business process management services. The sale of such services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5(viii)(c) of general instructions for preparation of Statement of Profit and Loss as per revised Schedule VI to the Companies Act, 1956.

2.16 Related party transactions

List of related parties:

Name of the holding company	Country	Holding as at March 31,	
		2015	2014
Infosys BPO Limited	India	100%	100%

Name of ultimate holding company	Country
Infosys Limited	India

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

Fellow associate	Country
DWA Nova LLC [16]	U.S.

(1) The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.
(2) Incorporated effective June 25, 2013
(3) Under liquidation
(4) Wholly-owned subsidiaries of Lodestone Holding AG
(5) Wholly-owned subsidiaries of Lodestone Management Consultants AG
(6) Majority-owned and controlled subsidiaries of Lodestone Holding AG
(7) On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.
(8) Wholly-owned subsidiary of Panaya Inc.
(9) Wholly-owned subsidiary of Infosys Public Services, Inc.
(10) Incorporated effective December 19, 2014
(11) Incorporated effective January 23, 2015
(12) Incorporated effective February 14, 2014
(13) Wholly-owned subsidiary of Portland Group Pty. Ltd. liquidated effective May 14, 2014
(14) Liquidated effective December 31, 2013
(15) Incorporated effective February 14, 2014
(16) Associate of Infosys Nova Holdings LLC

List of other related party:

Particulars	Country
Infosys BPO Limited Employees' Superannuation Fund Trust	India
Infosys BPO Limited Employees' Gratuity Fund Trust	India

List of key management personnel:

Name of the related party	Designation
S. Gopalakrishnan (1)	Chairman and Director
Anup Uppadhayay (2)	Managing Director and Chief Executive Officer
Gautam Thakkar (3)	Managing Director and Chief Executive Officer
Rajiv Bansal (4)	Director
U. B. Pravin Rao (5)	Chairman and Director
Prof. Jayanth R. Varma	Independent Director
Chandrashekar Kakal (6)	Director
Dr. Omkar Goswami	Independent Director
Prasad Thrikutam (7)	Director

(1) *Resigned as a Chairman and Director effective October 6, 2014*
(2) *Appointed as a Managing Director and Chief Executive Officer effective December 1, 2014*
(3) *Resigned as a Managing Director and Chief Executive Officer effective November 30, 2014*
(4) *Appointed as a Director effective July 8, 2014*
(5) *Appointed as a Chairman and Director effective October 7, 2014*
(6) *Resigned as a Director effective from April 18, 2014*
(7) *Resigned as a Director effective June 12, 2014*

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

in ₹

Particulars	Year ended March 31,	
	2015	2014
Capital transactions:		
Equity Infusion		
Infosys BPO Limited	–	10,56,89,000
	–	10,56,89,000
Financial transactions		
Loan taken		
Infosys BPO Poland Sp. z o.o.	–	12,52,20,000
	–	12,52,20,000
Loan repaid		
Infosys BPO s.r.o	–	6,26,10,000
	–	6,26,10,000
Revenue transactions:		
Purchase of services		
Infosys Limited	5,98,81,126	7,24,16,336
Infosys BPO Limited	29,09,57,773	19,68,60,292
	35,08,38,899	26,92,76,628
Purchase of shared services		
Infosys Limited	9,78,310	14,43,857
Infosys BPO Limited	47,53,763	39,26,273
	57,32,073	53,70,130
Interest expense		
Infosys BPO Poland Sp. z o.o.	16,70,906	6,95,134
Infosys BPO s.r.o	5,87,113	10,16,284
	22,58,019	17,11,418

Details of amounts due to or dues from related parties as at March 31, 2015 and March 31, 2014

in ₹

Particulars	As at March 31,	
	2015	2014
Loans accepted		
Infosys BPO Poland Sp. z o.o.	19,31,36,765	18,29,84,843
Infosys BPO s.r.o	6,57,24,110	6,22,46,026
	25,88,60,875	24,52,30,869
Trade payables		
Infosys BPO Limited	2,93,22,596	4,69,62,300
	2,93,22,596	4,69,62,300
Other payables		
Infosys Limited	2,230	–
Infosys BPO Limited	97,58,398	1,53,39,682
	97,60,628	1,53,39,682
Other receivable		
Infosys Limited	2,28,20,938	3,20,85,782
Infosys BPO Limited	37,625	–
	2,28,58,563	3,20,85,782
Provision for expenses		
Infosys Limited	5,04,98,000	–
	5,04,98,000	–

2.17 Segment reporting

The Company's operations primarily relate to providing business process management services to organizations that outsource their business processes. Accordingly, revenues represented along industry classes comprise the primary basis of segmental information set out in these financial statements. Secondary segmental reporting is performed on the basis of the geographical location of customers.

The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income in individual segments. These are set out in the note on significant accounting policies.

Industry segments at the Company are primarily enterprises in Financial Services and Insurance (FSI), enterprises in Manufacturing (MFG), enterprises in Energy and utilities, Communication and Services (ECS), and enterprises in Retail, Consumer packaged goods and Logistics, and Life Sciences and Healthcare (RCL). Income in relation to segments is categorized based on items that are individually identified to those segments while expenditure is categorized in relation to the associated turnover of the segment. Expenses which form a significant component of total expenses are not specifically allocable to specific segments as the underlying services are used interchangeably. These expenses are separately disclosed as 'unallocated' and adjusted only against the total income of the Company. The Company believes that it is not practical to provide segment disclosures relating to these costs and expenses, and accordingly these expenses are separately disclosed as unallocated and directly charged against total income. Fixed assets or liabilities contracted have not been identified to any reportable segments, as these are used interchangeably between segments. Accordingly no disclosure relating to total segment assets and liabilities are made.

Geographical segments are segregated based on the location of the customers, or in relation to which the revenue is otherwise recognized.

All direct costs are identified to its respective verticals / geographies on the basis of revenues from the respective verticals / geographies while unallocable cost consists of depreciation only.

Industry segments

Year ended March 31, 2015 and *March 31, 2014*

in ₹

Particulars	FSI	MFG	RCL	ECS	Total
Revenues	3,19,69,78,242	16,69,928	16,82,648	10,60,640	3,20,13,91,458
	3,17,72,80,164	*13,86,948*	*22,45,786*	*16,42,782*	*3,18,25,55,680*
Identifiable operating expenses	1,51,96,70,967	2,20,425	9,89,963	1,02,046	1,52,09,83,401
	1,26,16,34,701	*70,854*	*99,942*	*42,11,383*	*1,26,60,16,880*
Allocated expenses	1,52,16,71,508	7,80,925	8,15,961	5,20,227	1,52,37,88,621
	1,83,39,31,942	*7,82,114*	*13,49,352*	*9,26,428*	*1,83,69,89,836*
Segmental operating profit	15,56,35,767	6,68,578	(1,23,276)	4,38,367	15,66,19,436
	8,17,13,521	*5,33,980*	*7,96,492*	*(34,95,029)*	*7,95,48,964*
Unallocable expenses					3,73,42,760
					6,69,99,368
Profit before other income					11,92,76,676
					1,25,49,596
Other income,net					(30,15,832)
					6,21,44,822
Net profit before tax					11,62,60,844
					7,46,94,418
Tax expense					6,25,700
					–
Profit for the period					11,56,35,144
					7,46,94,418

Geographical segments

Year ended March 31, 2015 and March 31, 2014

in ₹

Particulars	North America	Europe	Others	Total
Revenues	3,20,13,91,458	–	-	3,20,13,91,458
	3,18,25,55,680	–	–	*3,18,25,55,680*
Identifiable operating expenses	1,52,09,83,401	–	–	1,52,09,83,401
	1,26,60,16,880	–	–	*1,26,60,16,880*
Allocated expenses	1,52,37,88,621	–	–	1,52,37,88,621
	1,83,69,89,836	–	–	*1,83,69,89,836*
Segmental operating profit	15,66,19,436	–	–	15,66,19,436
	7,95,48,964	–	–	*7,95,48,964*
Unallocable expenses				3,73,42,760
				6,34,56,501
Profit before other income				11,92,76,676
				1,60,92,463
Other income, net				(30,15,832)
				5,86,01,955
Net profit before tax				11,62,60,844
				7,46,94,418
Tax expense				6,25,700
				–
Profit for the period				11,56,35,144
				7,46,94,418

2.18 Function-wise classification of Statement of Profit and Loss account

in ₹

Particulars	Year ended March 31	
	2015	2014
Income from business process management services	3,20,13,91,458	3,18,25,55,680
Cost of revenue	2,52,52,68,102	2,64,32,02,724
GROSS PROFIT / (LOSS)	67,61,23,356	53,93,52,956
Selling and marketing expenses	3,90,31,895	12,70,02,463
General and administration expenses	48,34,78,978	33,63,44,396
	52,25,10,873	46,33,46,859
OPERATING PROFIT BEFORE DEPRECIATION	15,36,12,483	7,60,06,097
Depreciation	3,43,35,807	6,34,56,501
OPERATING PROFIT	11,92,76,676	1,25,49,596
Other income, net	(30,15,832)	6,21,44,822
PROFIT / LOSS BEFORE TAX	11,62,60,844	7,46,94,418
Tax expense:		
Current tax	6,25,700	–
	11,56,35,144	7,46,94,418

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

As per our report attached

for Shenoy & Kamath
Chartered Accountants

Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Anup Uppadhayay
Chairman & Director

Gordon Beckam
Chief Executive Officer

Bengaluru,
April 17, 2015

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Portland Group Pty. Limited

Independent Auditors' Report

To the Members of Portland Group Pty. Limited.

Report on the standalone Financial Statements

We have audited the accompanying standalone financial statements of Portland Group Pty. Limited ('the Company'), which comprises the Balance sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, We report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Place: Bengaluru
Date: April 17, 2015

Balance Sheet

in ₹

Particulars	Note	As at March 31,	
		2015	2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	17,86,70,669	17,86,70,669
Reserves and surplus	2.2	47,42,43,122	34,46,51,791
		65,29,13,791	52,33,22,460
NON-CURRENT LIABILITIES			
Other long-term liabilities	2.3	–	19,14,23,162
		–	19,14,23,162
CURRENT LIABILITIES			
Trade payables	2.4	32,49,906	4,17,06,762
Other current liabilities	2.5	40,48,22,235	63,23,54,007
Short-term provisions	2.6	18,79,27,426	10,25,73,039
		59,59,99,567	77,66,33,808
		1,24,89,13,358	1,49,13,79,430
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.7	80,73,862	1,14,12,151
Capital work-in-progress		–	–
		80,73,862	1,14,12,151
Non-current investments	2.8	–	34,80,95,947
Deferred tax assets, net	2.9	10,09,04,077	2,65,44,830
		10,89,77,939	38,60,52,928
CURRENT ASSETS			
Trade receivables	2.10	33,39,47,916	34,75,51,265
Cash and cash equivalents	2.11	70,07,99,121	59,12,97,960
Short term loans and advances	2.12	10,51,88,382	16,64,77,277
		1,13,99,35,419	1,10,53,26,502
		1,24,89,13,358	1,49,13,79,430
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 and 2	–	–

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

as per our report of even date attached

for Shenoy & Kamath

Chartered Accountants

Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Anup Uppadhayay
Chairman and Director

Bruce Stevenson
Managing Director and Chief Executive Officer

Gavin Solsky
Director

Bengaluru
April 17, 2015

Deepak Bhalla
Director

Anantha Radhakrishnan
Director

Binny Mathews
Director

Statement of Profit and Loss

in ₹

Particulars	Note	Year ended March 31,	
		2015	2014
Revenues from business process management services		202,93,53,359	211,14,70,941
Other income	2.13	1,68,97,954	1,24,82,970
Total Revenue		204,62,51,313	212,39,53,911
Expenses			
Employee benefit expenses	2.14	134,56,32,648	137,14,42,959
Cost of technical sub-contractors	2.14	18,36,43,899	17,72,69,824
Travel expenses	2.14	12,87,10,046	9,26,66,861
Cost of Software packages	2.14	3,28,00,081	1,67,57,549
Communication expenses	2.14	1,75,57,535	1,56,93,464
Professional Charges	2.14	1,17,20,207	1,36,30,005
Office expenses	2.14	1,09,24,642	1,15,38,045
Power and fuel	2.14	13,32,783	19,13,506
Insurance charges	2.14	60,40,032	73,78,116
Rent	2.14	3,37,14,759	3,30,22,945
Depreciation	2.6	56,74,604	77,44,692
Other expenses	2.14	3,42,32,334	3,86,70,999
		181,19,83,570	178,77,28,965
PROFIT BEFORE TAX		23,42,67,743	33,62,24,946
Provision for taxation			
Current tax	2.15	13,34,10,673	11,61,73,918
Deferred tax	2.15	(7,63,85,439)	(9,91,481)
		5,70,25,234	11,51,82,437
PROFIT / (LOSS) FOR THE PERIOD		17,72,42,509	22,10,42,509
EARNINGS PER SHARE			
Equity shares of par value ₹10/- each			
Basic		1.02	1.27
Diluted		1.02	1.27
Weighted average number of shares used in computing earnings per share:			
Basic		17,45,00,000	17,45,00,000
Diluted		17,45,00,000	17,45,00,000
SIGNIFICANT ACCOUNTING POLICIES NOTES ON ACCOUNTS	1 and 2		

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

as per our report of even date attached

for Shenoy & Kamath

Chartered Accountants

Firm's Registration Number : 006673S

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Director

Bengaluru
April 17, 2015

Deepak Bhalla
Director

Anantha Radhakrishnan
Director

Binny Mathews
Director

Statement of Cash Flow

in ₹

Particulars	Note	Year ended March 31,	
		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		23,42,67,743	33,62,24,946
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation		56,74,604	77,44,692
Provision for doubtful debts		1,08,93,534	(8,09,588)
Interest Income		(1,70,56,221)	(1,08,02,468)
Provision for growth plan		–	(2,63,84,369)
Effect of exchange differences on translation of assets and liabilities		(10,08,80,159)	15,21,870
Cash operating profit		13,28,99,501	30,74,95,083
Changes in assets and liabilities			
Trade receivable		27,09,805	13,42,44,548
Unbilled revenue		6,42,02,241	(16,03,28,691)
Prepayments and other assets		2,94,52,620	6,97,48,922
Trade payables		(3,84,56,856)	(10,02,07,564)
Client deposits		–	1,37,69,829
Employee benefit obligations		1,21,25,995	94,06,421
Provisions		(29,89,973)	1,21,94,067
Other liabilities		(4,84,90,331)	14,64,36,592
Cash generation from operations		15,14,53,012	43,27,59,207
Income taxes paid (net)		(5,51,66,116)	(7,95,93,365)
NET CASH PROVIDED BY OPERATING ACTIVITIES		9,62,86,896	35,31,65,842
Investing activities			
Expenditure on acquisition of property, plant and equipment		(38,41,955)	(24,99,185)
Interest income		1,70,56,221	1,08,02,468
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		1,32,14,266	83,03,283
Financing activities			
NET CASH PROVIDED BY / (USED IN) FINANCING ACTIVITIES		–	–
Effect of exchange rate changes on cash			
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		59,12,97,960	22,98,28,835
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		10,95,01,161	36,14,69,125
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		70,07,99,121	59,12,97,960
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 and 2		

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

as per our report of even date attached

for Shenoy & Kamath

Chartered Accountants

Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Anup Uppadhayay
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Managing Director and Chief Executive Officer

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Director

Bengaluru
April 17, 2015

Deepak Bhalla
Director

Anantha Radhakrishnan
Director

Binny Mathews
Director

Significant accounting policies and notes on accounts

Company overview

Portland Group Pty. Ltd. is a strategic sourcing and category management services provider. Portland Group Pty. Ltd. is a wholly-owned and controlled entity of Infosys BPO Limited. The Company leverages the benefits of service delivery globalization, process redesign and technology and thus drives efficiency and cost effectiveness into client's business processes and thereby improve their competitive position by managing their business processes in addition to providing increased value.

1 Significant accounting policies

1.1 Basis of preparation of financial statements

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

1.2 Use of estimates

The preparation of the financial statements in conformity with GAAP requires that the Management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, reported balances of assets and liabilities and disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates includes computation of percentage-of-completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provision for doubtful debts, future obligations under employee retirement benefit plans, provision for income taxes, provision for SLA and the useful lives of fixed tangible assets and intangible assets.

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

1.3 Revenue recognition

The Company derives its revenues primarily from strategic sourcing and category management services, either on a time-and-material, fixed-price, fixed-time frame or unit-price basis. Revenue on time-and-material contracts is recognized as the related services are rendered and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-time frame contracts, where there is no uncertainty as to measurement and 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. Revenues from unit-priced contracts are recognized as transactions are processed based on objective measures of output. Cost and earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and earnings is classified as deferred revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount / incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount / incentive. Also when the level of discount varies with increase in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligation for discount using cumulative catch-up approach. The discounts are passed on the customer either as direct payments or as a reduction of payments due from customer.

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

Profit on sale of investment is recorded on the transfer of title from the Company and is determined as the difference between the sale price and the carrying value of the investment. Interest on deployment of surplus funds is recognized using time-proportion method, based on underlying interest rates. Dividend income is recognized when the Company's right to receive dividend is established.

1.4 Expenditure

The cost of software user licenses purchased for rendering business process management services is charged to revenue when put to use. 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 profit and loss account over the lease term.

1.5 Tangible assets and capital work-in-progress

Fixed assets are stated at cost, after reducing accumulated depreciation and impairment if any. Direct costs are capitalized until the assets are ready for use. Capital work-in-progress includes the cost of fixed assets that are not yet ready for their intended use.

Intangible assets including goodwill

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment. Goodwill, recorded on amalgamation in the nature of purchase is tested periodically for impairment

1.6 Depreciation

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

Buildings [1]	22-25 years
Computer equipment[1]	3-5 years
Plant and machinery	5 years
Furniture and fixtures[1]	5 years
Office equipment	5 years

[1] *For the above class of assets, based on internal assessment and independent technical*

evaluation carried out by external valuers the Management believes that the useful lives as given above best represent the period over which 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 Companies Act 2013.

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

1.7 Foreign currency transactions

Monetary assets and monetary liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet. The resulting difference is also recorded in the profit and loss account.

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 determine. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction

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

1.8 Income tax

Income taxes are accrued in the same period the related revenue and expenses arise. A provision is made for income tax for the period based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable.

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

1.9 Provisions and contingent liability

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

Onerous Contracts

Provisions for onerous contracts are recognized, when the expected benefits to be derived by the Company from the contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the lower of the expected cost of terminating the contract and the expected cost of fulfilling the contract.

1.10 Impairment of fixed assets

Management periodically assesses using, external and internal sources, whether there is an indication that an asset (including goodwill) may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.11 Earnings per share

In determining earnings per share, the Company considers the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of basic and dilutive common equivalent shares outstanding during the year, except where the result would be anti-dilutive. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

1.12 Employee Benefits

Compensated absences

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

1.13 Cash and cash equivalents

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

1.14 Cash Flow Statement

Cash flows are reported using the Indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, financing and investing activities of the Company are segregated. Cash flows in foreign currency are accounted at average monthly exchange rates that approximate the actual rates of exchange prevailing at the date of the transaction.

2. Notes on accounts for the year ended March 31, 2015

2.1 Share capital

in ₹

Particulars	As at March 31,	
	2015	2014
AUTHORIZED		
Share Capital	17,86,70,669	17,86,70,669
Issued, subscribed and paid-up		
Share capital		
Equity shares		
17,45,00,000 equity shares fully paid-up	17,86,70,669	17,86,70,669
[Of the above, 17,45,00,000 equity shares are held by the holding company, Infosys BPO Limited]		
	17,86,70,669	17,86,70,669

In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive any of the remaining assets of the Company in proportion to the number of equity shares held by the shareholders after distribution of all preferential amounts. However, no such preferential amounts exist as at the date of Balance Sheet

Reconciliation of the number of shares outstanding

Particulars	As at March 31,	
	2015	2014
Number of share outstanding at the beginning of the period	17,45,00,000	17,45,00,000
Add: Shares issued during the period	–	–
Number of shares outstanding at the end of the period	17,45,00,000	17,45,00,000

Shares held by shareholders holding more than 5% shares :

Name of the shareholder	Number of shares as at March 31,		Percentage of total shares as at March 31,	
	2015	2014	2015	2014
Infosys BPO Limited, the holding Company	17,45,00,000	17,45,00,000	100%	100%

2.2 Reserves and surplus

in ₹

Particulars	As at March 31,	
	2015	2014
Foreign currency translation reserve	(9,08,98,737)	15,45,227
Balance in profit and loss account - opening	34,31,06,564	12,20,64,055
Reserve on liquidation of subsidiary	4,47,92,786	–
Add: Profit during the year	17,72,42,509	22,10,42,509
Balance in profit and loss account - closing	56,51,41,859	34,31,06,564
	47,42,43,122	34,46,51,791

2.3 Other long-term liabilities

in ₹

Particulars	As at March 31,	
	2015	2014
Accrued salaries and benefits		
Bonus and incentives	–	19,14,23,162
	–	19,14,23,162

2.4 Trade payables

in ₹

Particulars	As at March 31,	
	2015	2014
Trade payables [(1)]	32,49,906	4,17,06,762
	32,49,906	4,17,06,762

[(1)] *Includes dues to subsidiaries and other group companies (Refer to Note 2.18)*

2.5 Other current liabilities

in ₹

Particulars	As at March 31,	
	2015	2014
Accrued salaries and benefits		
Bonus and incentives	36,07,04,425	14,82,02,230
For other liabilities		
Provision for expenses	1,89,49,609	3,90,81,948
Withholding and other taxes	2,33,98,998	7,47,90,762
Other payables [(1)]	17,69,203	–
Advances received from group companies	–	37,02,79,067
	40,48,22,235	63,23,54,007
[(1)] *Includes dues to subsidiaries and other group companies*		

2.6 Short-term provisions

in ₹

Particulars	As at March 31,	
	2015	2014
Provision for employee benefits		
Unavailed leave	7,01,10,423	5,79,84,428
Others		
Provision for		
Income taxes	9,91,55,699	2,29,37,334
SLA compliance	1,86,61,304	2,16,51,277
	18,79,27,426	10,25,73,039

Provision for SLA compliance

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

in ₹

Particulars	Year ended March 31,	
	2015	2014
Balance at the beginning of the year	2,16,51,277	94,57,210
Provision recognized / (reversed) made during the year	(29,89,973)	1,21,94,067
Provisions utilized during the year	–	–
Balance at the end of the year	1,86,61,304	2,16,51,277

Management believes that the aforesaid provision will be utilized by way of efforts spent by employees on the respective project within a year.

2.7 Fixed assets

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

in ₹

Particulars	Tangible assets									Intangible assets		Total
	Land-Freehold	Land-Leasehold	Buildings	Plant and equipment	Office equipment	Computer equipment	Furniture and fixtures	Vehicles	Total	Intellectual property rights	Total	
Original cost												
As at April 1, 2014	–	–	–	–	25,22,399	1,52,13,417	1,71,81,765	–	3,49,17,581	–	–	3,49,17,581
Additions / adjustments during the period	–	–	–	–	–	38,41,955	–	–	38,41,955	–	–	38,41,955
Deductions / retirement during the period	–	–	–	–	–	–	–	–	–	–	–	–
Foreign exchange difference					(3,53,957)	(26,14,328)	(24,11,039)		(53,79,324)			(53,79,324)
As at March 31, 2015	–	–	–	–	21,68,442	1,64,41,044	1,47,70,726	–	3,33,80,212	–	–	3,33,80,212
Depreciation and amortization												
As at April 1, 2014	–	–	–	–	14,19,440	1,26,11,220	94,74,770	–	2,35,05,430	–	–	2,35,05,430
For the period	–	–	–	–	4,56,088	19,99,908	32,18,608	–	56,74,604	–	–	56,74,604
Deductions / adjustments during the period	–	–	–	–	–	–	–	–	–	–	–	–
Foreign exchange difference	–	–	–	–	(2,47,140)	(19,58,547)	(16,67,997)	–	(38,73,684)	–	–	(38,73,684)
As at March 31, 2015	-	–	–	–	16,28,388	1,26,52,581	1,10,25,381	–	2,53,06,350	–	–	2,53,06,350
Net book value												
As at March 31, 2015	–	-	–	–	5,40,054	37,88,463	37,45,345	–	80,73,862	–	–	80,73,862

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

in ₹

Particulars	Tangible assets									Intangible assets		Total
	Land-Freehold	Land-Leasehold	Buildings	Plant and equipment	Office equipment	Computer equipment	Furniture and fixtures	Vehicles	Total	Intellectual property rights	Total	
Original cost												
As at April 1, 2013	–	–	–	–	27,73,001	1,23,57,063	1,75,94,998	–	3,27,25,062	–	–	3,27,25,062
Additions / adjustments during the period	–	–	–	–	–	31,46,570	–	–	31,46,570	–	–	31,46,570
Deductions / retirement during the period	–	–	–	–	(1,85,476)	–	–	–	(1,85,476)	–	–	(1,85,476)
Foreign exchange difference					(65,126)	(2,90,216)	(4,13,233)		(7,68,575)			(7,68,575)

Particulars	Tangible assets									Intangible assets		Total
	Land-Freehold	Land-Leasehold	Buildings	Plant and equipment	Office equipment	Computer equipment	Furniture and fixtures	Vehicles	Total	Intellectual property rights	Total	
As at March 31, 2014	–	–	–	–	25,22,399	1,52,13,417	1,71,81,765	–	3,49,17,581	–	–	3,49,17,581
Depreciation and amortization												
As at April 1, 2013	–	–	–	–	10,70,704	91,86,349	62,08,177	–	1,64,65,230	–	–	1,64,65,230
For the period	–	–	–	–	5,69,422	37,02,524	34,72,746	–	77,44,692	–	–	77,44,692
Deductions / adjustments during the period	–	–	–	–	(1,85,476)	–	–	–	(1,85,476)	–	–	(1,85,476)
Foreign exchange difference					(35,210)	(2,77,653)	(2,06,153)		(5,19,016)			(5,19,016)
As at March 31, 2014	–	–	–	–	14,19,440	1,26,11,220	94,74,770	–	2,35,05,430	–	–	2,35,05,430
Net book value												
As at March 31, 2014	–	–	–	–	11,02,959	26,02,197	77,06,995	–	1,14,12,151	–	–	1,14,12,151

During the quarter ended June 30, 2014, the Management reassessed the remaining useful life of assets primarily consisting of computers. Accordingly the useful lives of certain assets required a change from the previous estimates.

The existing and revised useful lives are as below:

Category of assets	Existing useful life (Years)	Revised useful life (Years)
Building	15	22-25
Plant and machinery	5	5
Computer equipment	2	3-5
Furniture and fixtures	5	5
Vehicles	5	5

Had the Company continued with the previously assessed useful live, charge for depreciation and cost of sales for the year ended March 31, 2015 would have been reduced by ₹ 7,48,304 for assets held at April 1,2014. The revision of the useful lives has resulted in the following changes in the depreciation expense based on original useful life of asset:

(in ₹)

Particulars	FY 2015	FY 2016	After FY 2016 (till the end of estimated useful life both current and proposed)
Decrease in depreciation expense	7,48,304	–	–
Increase in depreciation expense	–	2,29,507	4,71,246

2.8 Non-current investments

in ₹

Particulars	As at March 31,	
	2015	2014
Non-current investments		
Long Term investments - at cost		
Trade (unquoted)		
Investments in equity of subsidiaries		
Portland Procurement Services Pty. Limited [1]	–	34,80,95,947
Total Non Current investments	–	34,80,95,947

[1] *Wholly-owned subsidiaries of Portland Group Pty. Ltd.*

On January 4, 2014 the board of directors of Portland Procurement Services Pty. Ltd. approved the liquidation of the entity. The liquidation process was completed on May 14, 2014, subsequent to which all the assets and liabilities of Portland Procurement Services Pty. Ltd. was transferred to Portland Group Pty. Ltd.

2.9 Deferred tax assets

in ₹

Particulars	As at March 31,	
	2015	2014
Deferred tax assets		
PSCS	55,98,405	–
Accrued compensation to employees	7,13,10,000	5,74,26,949
Leave encashment	2,10,33,122	1,73,95,279
Others	29,62,550	–
	10,09,04,077	7,48,22,228
Deferred tax liabilities		
Others	–	4,82,77,398
	–	4,82,77,398
Deferred tax assets after set off	10,09,04,077	2,65,44,830

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.

2.10 Trade receivables [1]

in ₹

Particulars	As at March 31,	
	2015	2014
Debt outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	57,39,742	–
Less: Provision for doubtful debts	57,39,742	–
Other debts		
Unsecured		
Considered good	33,39,47,916	34,75,51,265
Considered doubtful	41,35,409	–
	33,80,83,325	34,75,51,265
Less: Provision for doubtful debts	41,35,409	–
	33,39,47,916	34,75,51,265

[1] *Includes dues to subsidiaries and other group companies*

2.11 Cash and cash equivalents

in ₹

Particulars	As at March 31,	
	2015	2014
Cash on hand	–	–
Balances with bank		
In current and deposit accounts	70,07,99,121	59,12,97,960
	70,07,99,121	59,12,97,960

The deposits maintained by the Company with banks comprise of time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principle.

The details of balances with banks as at March 31, 2015 and March 31, 2014 are as follows:

in ₹

Balances with scheduled banks	As at March 31,	
	2015	2014
In current accounts		
CITI Bank	13,88,82,263	2,94,48,743
Bank of New Zealand	–	1,94,50,946
	13,88,82,263	4,88,99,689
In deposit account		
National Australia Bank (NAB)	56,19,16,858	54,23,98,271
	56,19,16,858	54,23,98,271
	70,07,99,121	59,12,97,960

2.12 Short term loans and advances:

in ₹

Particulars	As at March 31,	
	2015	2014
Unsecured, considered good		
Prepaid Expenses	8,20,873	44,56,240
For supply of goods and rendering of services	3,80,510	6,62,218
Withholding and other taxes receivables	75,79,873	–
	87,81,256	51,18,458
Unbilled Revenue [1]	9,61,26,450	16,03,28,691
Interest Accrued but not due	2,80,676	4,67,893
Loans and advances to employees	–	5,62,235
	10,51,88,382	16,64,77,277

[1] *Includes dues to subsidiaries and the other group companies (Refer to Note 2.18)*

2.13 Other income

in ₹

Particulars	Year ended March 31,	
	2015	2014
Interest income	1,70,56,221	1,08,02,468
Miscellaneous income	74,064	13,30,074
Exchange differences	(2,32,331)	3,50,428
	1,68,97,954	1,24,82,970

2.14 Expenses

in ₹

Particulars	Year ended March 31,	
	2015	2014
Employee benefit expenses		
Salaries and bonus excluding overseas staff expenses	133,61,57,911	136,23,43,188
Staff welfare	94,74,737	90,99,771
	134,56,32,648	137,14,42,959
Cost of technical sub-contractors		
Technical sub-contractors-Others	15,54,69,821	13,24,92,891
Technical sub-contractors-subsidiaries	2,81,74,079	4,47,76,933
	18,36,43,899	17,72,69,824
Travel expenses		
Overseas travel expenses	3,53,10,088	2,65,91,628
Traveling expenses	9,33,99,958	6,60,75,233
	12,87,10,046	9,26,66,861
Cost of software for own use		
Cost of software for own use	3,28,00,081	1,67,57,549
	3,28,00,081	1,67,57,549
Communication expenses		
Communication expenses	30,01,219	26,48,327
Telephone charges	1,45,56,316	1,30,45,137
	1,75,57,535	1,56,93,464
Professional Charges		
Legal and professional charges	(7,08,982)	35,05,354
Auditor's remuneration	1,03,95,159	
audit fees	20,33,884	15,53,653
Recruitment and training expenses	20,34,029	85,70,998
	1,17,20,207	1,36,30,005
Office expenses		
Printing and stationery	16,48,323	20,68,415
Office maintenance	92,76,319	94,69,630
	1,09,24,642	1,15,38,045
Power and fuel		
Power and fuel	13,32,783	19,13,506
	13,32,783	19,13,506
Insurance		
Insurance	60,40,032	73,78,116
	60,40,032	73,78,116
Rent		
Rent	3,37,14,759	3,30,22,945
	3,37,14,759	3,30,22,945
Other expenses		
Consumables	1,59,88,695	3,09,75,863
Brand building and advertisement	11,40,154	3,84,060
Marketing expenses	37,22,635	40,65,511
Rates and taxes	1,62,413	9,74,965
Bank charges and commission	5,81,318	6,12,575
Postage and courier	2,37,667	2,38,046
Professional membership and seminar participation fees	4,43,035	14,07,269
Provision for doubtful debts	1,08,93,534	(8,09,588)
Repairs to plant and machinery	2,64,567	–
Other miscellaneous expenses	7,98,316	8,22,298
	3,42,32,334	3,86,70,999

2.15 Tax expenses

in ₹

Particulars	Year ended March 31,	
	2015	2014
Income taxes		
Current tax	13,34,10,673	11,61,73,918
Deferred tax	(7,63,85,439)	(9,91,481)
	5,70,25,234	11,51,82,437

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

Particulars	Year ended March 31,	
	2015	2014
Contingent:		
Estimated amount of unexecuted capital contracts (net of advance and deposits)	33,22,808	8,70,975
	33,22,808	8,70,975

2.17 Quantitative details

The Company is primarily engaged in strategic sourcing and category management services. The sale of such services cannot be expressed in any generic unit.

2.18 Related party transactions

List of related parties:

Name of the related party	Country	Holding as at March 31,	
		2015	2014
Infosys BPO Limited	India	100%	100%

Name of ultimate holding company	Country
Infosys Limited	India

Name of subsidiaries	Country
Portland procurement services Pty. Ltd	Australia

Fellow subsidiaries	Country
Infosys BPO s.r.o	Czech Republic
Infosys BPO Poland Sp. z o.o	Poland
Infosys BPO, S. de R. L. de C.V. (13)	Mexico
Infosys McCamish Systems LLC (7)	United States
Australia	
Infosys Technologies S.de R. L. de C.V. (Infosys Mexico)	Mexico
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologia do Brasil Ltda. (Infosys Brasil)	Brazil
Infosys Public Services, Inc. (Infosys Public Services)	U.S.
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden

Fellow subsidiaries	Country
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [3]	Australia
Infosys Consulting India Limited [1]	India
Infosys Americas, Inc. (Infosys Americas) [2]	U.S.
EdgeVerve Systems Limited (EdgeVerve) [16]	India
Lodestone Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants (Canada) Inc. [4][15]	Canada
Lodestone Management Consultants Inc. [4]	U.S.
Lodestone Management Consultants Pty. Limited [4]	Australia
Lodestone Management Consultants AG[4]	Switzerland
Lodestone Augmentis AG [5]	Switzerland
Hafner Bauer & Ödman GmbH [4]	Switzerland
Lodestone Management Consultants (Belgium) S.A. [6]	Belgium
Lodestone Management Consultants GmbH [4]	Germany
Lodestone Management Consultants Pte Ltd. [4]	Singapore
Lodestone Management Consultants SAS [4]	France
Lodestone Management Consultants s.r.o. [4]	Czech
Lodestone Management Consultants GmbH [4]	Austria
Lodestone Management Consultants China Co., Ltd. [4]	China
Lodestone Management Consultants Ltd. [4]	U.K.
Lodestone Management Consultants B.V. [4]	Netherlands
Lodestone Management Consultants Ltda. [6]	Brazil
Lodestone Management Consultants Sp. z.o.o.[4]	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA [4]	Portugal
SC Lodestone Management Consultants S.R.L. [4]	Romania
Lodestone Management Consultants S.R.L. [4]	Argentina
Panaya Inc. [8]	U.S.
Panaya Limited [9]	Israel
Panaya GmbH [9]	Germany
Panaya Pty. Limited [9]	Australia
Panaya Japan Co. Ltd. [9]	Japan
Infosys Canada Public Services Ltd. [10][11]	Canada
Infosys Nova Holdings LLC [12]	U.S.

Fellow associate	
DWA Nova LLC	U.S.

[1] *The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.*
[2] *Incorporated effective June 25, 2013*
[3] *Under liquidation*
[4] *Wholly-owned subsidiaries of Lodestone Holding AG*
[5] *Wholly-owned subsidiaries of Lodestone Management Consultants AG*
[6] *Majority-owned and controlled subsidiaries of Lodestone Holding AG*
[7] *McCamish Systems LLC name has been changed to Infosys McCamish Systems LLC effective from May 30, 2013*
[8] *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
[9] *Wholly-owned subsidiary of Panaya Inc.*
[10] *Wholly-owned subsidiary of Infosys Public Services, Inc.*
[11] *Incorporated effective December 19, 2014*
[12] *Incorporated effective January 23, 2015*
[13] *Incorporated effective February 14, 2014*
[14] *Wholly-owned subsidiary of Portland Group Pty. Ltd. liquidated effective May 14, 2014*
[15] *Liquidated effective December 31, 2013*
[16] *Incorporated effective February 14, 2014*
[17] *Associate of Infosys Nova Holdings LLC*

List of other related party

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

List of key management personnel

Name of the related party	Designation
S. Gopalakrishnan [1]	Chairman and Director
Anup Uppadhayay [2]	
Gautam Thakkar [3]	Managing Director and Chief Executive Officer
Managing Director and Chief Executive Officer	
Rajiv Bansal [4]	Director
U. B. Pravin Rao [5]	Chairman and Director
Prof. Jayanth R. Varma	Independent Director
Chandrashekar Kakal [6]	Director
Dr. Omkar Goswami	Independent Director
Prasad Thrikutam [7]	Director
Director	

[1] *Resigned as a Chairman and Director effective October 6, 2014*
[2] *Appointed as a Managing Director and Chief Executive Officer effective December 1, 2014*
[3] *Resigned as a Managing Director and Chief Executive Officer effective November 30, 2014*
[4] *Appointed as a Director effective July 8, 2014*
[5] *Appointed as a Chairman and Director effective October 7, 2014*
[6] *Resigned as a Director effective from April 18, 2014*
[7] *Resigned as a Director effective June 12, 2014*

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

in ₹

Particulars	Year ended March 31,	
	2015	2014
Revenue transactions:		
Purchase of services		
Infosys BPO Ltd	2,60,09,995	4,44,97,254
Infosys Lodestone	21,64,084	–
	2,81,74,079	4,44,97,254
Purchase of shared services including facilities and personnel		
Infosys Limited		
Infosys BPO Limited	15,97,416	–
	15,97,416	–
Sale of services		
Infosys Limited	2,98,02,751	6,74,70,987
Infosys BPO Limited	29,02,01,667	40,87,20,187
Infosys Lodestone Singapore	75,64,117	–
Infosys Lodestone Australia	23,74,297	34,92,233
	32,99,42,832	47,96,83,407

Details of amounts due to or due from related party as at March 31, 2015 and March 31, 2014:

in ₹

Particulars	As at March 31,	
	2015	2014
Investments		
Portland Procurement Services Pty. Ltd	–	37,02,79,068
	–	37,02,79,068
Trade receivables		
Infosys Limited	48,57,950	2,73,33,782
Infosys BPO Limited	2,01,03,628	1,77,54,961
	2,49,61,578	4,50,88,743
Unbilled revenues		
Lodestone Management Consultants Pte Ltd.	75,01,004	–
	75,01,004	–
Creditors		
Infosys BPO Limited	–	39,34,484
Infosys Lodestone Singapore	–	–
Portland Procurement Services Pty. Ltd	–	3,76,49,070
	–	4,15,83,554
Other payables		
Infosys BPO Limited	15,97,415	–
	15,97,415	–

2.19 Segment reporting

The Company's operations primarily relate to providing business process management services to organizations that outsource their business processes. Accordingly, revenues represented along industry classes comprise the primary basis of segmental information set out in these financial statements. Secondary segmental reporting is performed on the basis of the geographical location of customers.

The accounting principles consistently used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segment, and are as set out in the note on significant accounting policies.

Industry segments at the Company are primarily enterprises in Financial Services and Insurance (FSI), enterprises in Manufacturing (MFG), enterprises in Energy and utilities, Communication and Services (ECS), and enterprises in Retail, Consumer packaged goods and Logistics, and Life Sciences and Healthcare (RCL).

Geographical segments are segregated based on the location of the customers, or in relation to which the revenue is otherwise recognized.

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Allocated expenses of segments include expenses incurred for rendering services from the Company's offshore software development centers and onsite expenses, which are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant

Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made. Geographical information on revenue and industry revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

Industry segments

For the Year ended March 31, 2015 and *March 31,2014*:

in ₹

Particulars	FSI	MFG	RCL	ECS	Total
Revenues	39,40,90,920	45,13,61,191	2,45,17,728	1,15,93,83,520	2,02,93,53,359
	49,58,43,893	*15,68,44,273*	*70,97,03,682*	*74,90,79,093*	*2,11,14,70,941*
Identifiable operating expenses	13,69,49,174	15,77,78,162	1,32,85,269	41,64,36,862	72,44,49,467
	10,80,62,069	*3,42,31,142*	*16,74,07,930*	*11,39,50,173*	*42,36,51,314*
Allocated expenses	21,25,67,795	23,53,66,893	2,60,72,488	60,78,52,323	1,08,18,59,499
	32,20,58,191	*9,57,99,017*	*47,07,85,248*	*46,76,90,503*	*1,35,63,32,959*
Segmental operating profit	4,45,73,951	5,82,16,136	(1,48,40,029)	13,50,94,335	22,30,44,393
	6,57,23,633	*2,68,14,114*	*7,15,10,504*	*16,74,38,417*	*33,14,86,668*
Unallocable expenses					56,74,604
					77,44,692
Profit before other income					21,73,69,789
					32,37,41,976
Other income, net					1,68,97,954
					1,24,82,970
Net profit before tax					23,42,67,743
					33,62,24,946
Tax expense					5,70,25,234
					11,51,82,437
Profit for the period					17,72,42,509
					22,10,42,509

Geographical segments

For the Year ended March 31, 2015 and *March 31, 2014*:

in ₹

Particulars	North America	Europe	Others	Total
Revenues	–	–	2,02,93,53,359	2,02,93,53,359
	–	–	*2,11,14,70,941*	*2,11,14,70,941*
Identifiable operating expenses	–	–	72,44,49,467	72,44,49,467
	–	–	*42,36,51,314*	*42,36,51,314*
Allocated expenses	–	–	1,08,18,59,499	108,18,59,499
	–	–	*135,63,32,959*	*135,63,32,959*
Segmental operating profit	–	–	22,30,44,393	22,30,44,393
	–	–	*33,14,86,668*	*33,14,86,668*
Unallocable expenses				56,74,604
				77,44,692
Profit before other income				21,73,69,789
				32,37,41,976
Other income, net				1,68,97,954
				1,24,82,970
Net profit before tax				23,42,67,743
				33,62,24,946
Tax expense				5,70,25,234
				11,51,82,437
Profit for the period				17,72,42,509
				22,10,42,509

2.20 Function-wise classification of Statement of Profit and Loss account

in ₹

Profit and Loss account	Year ended March 31,	
	2015	2014
Income from software services and products	2,02,93,53,359	2,11,14,70,941
Cost of revenue	1,61,93,12,420	1,59,95,38,583
GROSS PROFIT	41,00,40,939	51,19,32,358
Selling and marketing expenses	1,03,61,638	1,18,51,060
General and administration expenses	17,66,34,908	16,85,94,630
	18,69,96,546	18,04,45,690
OPERATING PROFIT / (LOSS) BEFORE DEPRECIATION	22,30,44,393	33,14,86,668
Depreciation	56,74,604	77,44,692
OPERATING PROFIT / (LOSS)	21,73,69,789	32,37,41,976
Other income, net	1,68,97,954	1,24,82,970
PROFIT / (LOSS) BEFORE TAX	23,42,67,743	33,62,24,946
Tax expense		
Current tax	5,70,25,234	11,51,82,437
PROFIT / (LOSS) FOR THE PERIOD	17,72,42,509	22,10,42,509

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

as per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Anup Uppadhayay
Chairman and Director

Bruce Stevenson
Managing Director and Chief Executive Officer

Gavin Solsky
Director

Bengaluru
April 17, 2015

Deepak Bhalla
Director

Anantha Radhakrishnan
Director

Binny Mathews
Director

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Infosys Public Services, Inc.

Independent Auditors' Report

To the Members of Infosys Public Services, Inc.

Report on the standalone Financial Statements

We have audited the accompanying standalone financial statements of Infosys Public Service Inc. ('the Company'), which comprises the Balance sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, We report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Place: Bengaluru
Date: April 17, 2015

Balance Sheet

in ₹

Particulars	Note	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	98,38,50,000	98,38,50,000
Reserves and surplus	2.2	52,98,53,894	12,54,75,304
		1,51,37,03,894	1,10,93,25,304
CURRENT LIABILITIES			
Trade payables	2.3	2,47,00,65,262	98,16,01,611
Other current liabilities	2.4	1,11,38,60,708	92,11,82,240
Short-term provisions	2.5	40,56,92,008	24,41,61,060
		3,98,96,17,978	2,14,69,44,911
		5,50,33,21,872	3,25,62,70,215
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.6	1,22,87,117	1,73,64,011
Capital work-in-progress		–	–
		1,22,87,117	1,73,64,011
Deferred tax assets (net)	2.8	17,78,94,181	8,07,72,100
Long-term loans and advances	2.9	17,55,20,774	15,38,10,432
		36,57,02,072	25,19,46,543
CURRENT ASSETS			
Trade receivables	2.10	2,02,05,59,199	1,76,54,59,224
Cash and cash equivalents	2.11	1,74,00,86,434	41,17,01,839
Short-term loans and advances	2.12	1,37,69,74,167	82,71,62,609
		5,13,76,19,800	3,00,43,23,672
		5,50,33,21,872	3,25,62,70,215
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Prof. Jeffrey S. Lehman
Chairman

Eric Paternoster
CEO

Bengaluru
April 17, 2015

Statement of Profit and Loss

in ₹, except per share data

Particulars	Note	for the year ended March 31,	
		2015	2014
Income from software services and products	2.13	11,07,00,50,414	10,49,60,59,795
Other income	2.14	(4,30,75,729)	(14,45,004)
Total revenue		11,02,69,74,685	10,49,46,14,791
Expenses			
Employee benefit expenses	2.15	1,66,07,03,900	1,57,83,05,585
Cost of technical sub-contractors	2.15	8,44,06,29,391	7,44,95,26,173
Travel expenses	2.15	12,03,49,687	10,49,81,972
Cost of software packages and others	2.15	9,61,04,757	6,65,43,379
Communication expenses	2.15	56,34,782	56,32,448
Professional charges		7,82,30,475	8,92,59,304
Finance Cost		–	4,54,34,069
Depreciation and amortization expenses		65,72,622	76,31,42,737
Other expenses	2.15	6,59,99,508	9,66,42,941
Total expenses		10,47,42,25,122	10,19,94,68,608
PROFIT BEFORE TAX		55,27,49,563	29,51,46,183
Tax expense:			
Current tax	2.16	28,74,70,098	15,04,35,213
Deferred tax	2.16	(9,22,15,681)	(8,15,00,020)
PROFIT FOR THE PERIOD		35,74,95,146	22,62,10,990
EARNINGS PER EQUITY SHARE			
Equity shares of par value USD 0.50/- each			
Basic		10.21	22.62
Diluted		10.21	22.62
Number of shares used in computing earnings per share			
Basic		3,50,00,000	1,00,00,000
Diluted		3,50,00,000	1,00,00,000
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Prof. Jeffrey S. Lehman
Chairman

Eric Paternoster
CEO

Bengaluru
April 17, 2015

Cash flows statement

in ₹, except per share data

Particulars	Note	for the year ended March 31, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		55,27,49,563	29,51,46,183
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		65,72,622	76,31,42,736
Provision for bad and doubtful debts		1,66,58,378	(49,79,465)
Provision for post-sales client support and warranties		(72,97,879)	4,46,83,644
Effect of exchange differences on translation of assets and liabilities		4,62,85,634	9,41,98,754
Changes in assets and liabilities			
Trade receivables		(26,44,60,474)	(48,41,64,557)
Loans and advances and other assets		(54,98,11,557)	(45,74,78,650)
Liabilities and provisions		1,68,42,46,800	(81,41,02,779)
		1,48,49,43,087	(56,35,54,134)
Income taxes paid		(15,56,60,573)	(17,05,14,730)
NET CASH GENERATED BY OPERATING ACTIVITIES		1,32,92,82,514	(73,40,68,864)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure		(8,97,919)	(9,06,44,492)
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(8,97,919)	(9,06,44,492)
CASH FLOWS FROM FINANCING ACTIVITIES		–	–
NET CASH USED IN FINANCING ACTIVITIES		–	–
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		1,32,83,84,595	(82,47,13,356)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		41,17,01,839	1,23,64,15,195
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1,74,00,86,434	41,17,01,839
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Prof. Jeffrey S. Lehman
Chairman

Eric Paternoster
CEO

Bengaluru
April 17, 2015

Significant accounting policies and notes on accounts

Company overview

Infosys Public Services Inc. ('the Company') was incorporated on October 9, 2009. 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, the Company is a wholly-owned subsidiary of Infosys Limited. The Company provides end-to-end business solutions that leverage technology, thereby enabling its clients to enhance business performance. The Company's operations are to provide solutions that span the entire software lifecycle encompassing technical consulting, design, development, re-engineering, maintenance, systems integration, package evaluation and implementation, testing and infrastructure management services.

1. Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from April 1 to March 31.

1.2 Basis of preparation of financial statements

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

1.3 Reporting currency

The Company's reporting currency is the INR.

1.4 Use of estimates

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

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

1.5 Revenue recognition

Revenue is primarily derived from software development and related services. Arrangements with customers for software development and related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price and fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized based upon the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Cost and earnings in excess of billings are classified as unbilled revenue while billings in excess of cost and earnings is classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount / incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts using a cumulative catch-up approach. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

The Company presents revenues net of value-added taxes in its Statement of Profit and Loss.

Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sale price and carrying value of the investment. Lease rentals are recognized ratably on a straight-line basis over the lease term. Interest is recognized using the time-proportion method, based on rates implicit in the transaction. Dividend income is recognized when the Company's right to receive dividend is established.

1.6 Provisions and contingent liabilities

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

1.7 Post-sales client support and warranties

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

1.8 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

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

1.10 Intangible assets

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

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

1.10 Depreciation and amortization

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

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

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

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

1.11 Impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.12 Retirement benefits to employees

Compensated absences

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

1.13 Foreign currency transactions

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

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

1.14 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

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

1.15 Earnings per share

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

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

1.16 Cash and cash equivalents

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

1.17 Cash flow statement

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

1.18 Leases

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

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

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

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at March 31,	
	2015	2014
Authorized		
4,00,00,000 (4,00,00,000) Common Stock, US$ 0.50/- par value	1,12,44,00,000	1,12,44,00,000
Issued, Subscribed and Paid-Up		
3,50,00,000 (3,50,00,000) Common Stock, US$ 0.50/- par value, fully paid	98,38,50,000	98,38,50,000
	98,38,50,000	98,38,50,000
[Of the above, 3,50,00,000 (3,50,00,000) equity shares are held by the holding company, Infosys Limited]	98,38,50,000	98,38,50,000

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

Name of the shareholder	As at March 31,			
	2015		2014	
	Number of Shares	% held	Number of Shares	% held
Infosys Limited	3,50,00,000	100%	3,50,00,000	100%

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

in ₹, except as otherwise stated

Particulars	As at March 31,			
	2015		2014	
	Number of Shares	Amount	Number of Shares	Amount
Number of shares at the beginning of the period	3,50,00,000	98,38,50,000	1,00,00,000	23,48,50,000
Add: Issue of shares	–	–	2,50,00,000	74,90,00,000
Number of shares at the end of the period	3,50,00,000	98,38,50,000	3,50,00,000	98,38,50,000

2.2 Reserves and surplus

in ₹

Particulars	As at March 31,	
	2015	2014
Foreign currency translation reserve - Opening balance	5,65,14,266	2,66,66,555
Add: Foreign currency translation during the year	4,68,83,444	2,98,47,711
Foreign currency translation reserve - Closing balance	10,33,97,710	5,65,14,266
Surplus / (Deficit)- Opening balance	6,89,61,038	(15,72,49,952)
Add: Net profit after tax transferred from Statement of Profit and Loss	35,74,95,146	22,62,10,990
Surplus- Closing balance	42,64,56,184	6,89,61,038
	52,98,53,894	12,54,75,304

2.3 Trade payables

in ₹

Particulars	As at March 31,	
	2015	2014
Trade payables (1)	2,47,00,65,262	98,16,01,611
	2,47,00,65,262	98,16,01,611
(1) *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.17)*	2,46,96,94,676	98,16,01,611

2.4 Other current liabilities

in ₹

Particulars	As at March 31, 2015	As at March 31, 2014
Accrued salaries and benefits		
Salaries and benefits	5,51,26,319	5,56,57,925
Bonus and incentives	13,08,37,895	10,83,82,836
Other liabilities		
Provision for expenses [1]	54,65,23,995	55,37,60,997
Retention monies	1,32,08,324	8,10,39,384
Withholding and other taxes payable	2,22,89,314	1,96,76,024
Unearned revenue	30,18,27,549	8,13,39,082
Other payables [1]	4,40,47,312	2,13,25,992
	1,11,38,60,708	92,11,82,240
[1] *Includes due to fellow Subsidiary (Refer to Note 2.17)*	7,67,80,188	1,90,44,643

2.5 Short-term provisions

in ₹

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for employee benefits		
Unavailed leave	7,64,99,045	6,79,36,516
Others		
Income taxes (net of advance tax and TDS)	29,14,29,262	13,30,02,995
Post-sales client support and warranties and other provisions	3,77,63,701	4,32,21,549
	40,56,92,008	24,41,61,060

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

in ₹

Particulars	As at March 31, 2015	As at March 31, 2014
Balance at the beginning	4,32,21,549	–
Provision recognized (reversal)	(72,97,879)	4,46,83,644
Provision utilized	–	–
Exchange difference during the period	18,40,031	(14,62,095)
Balance at the end	3,77,63,701	4,32,21,549

2.6 Fixed assets

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

in ₹, except as otherwise stated

Particulars	Tangible assets				Total
	Plant and equipment	Office equipment	Computer equipment	Furniture and fixtures	
Original cost					
As at April 1, 2014	6,02,370	9,28,779	83,06,57,748	1,04,47,849	84,26,36,746
Additions / adjustments during the period	–	8,97,919	–	–	8,97,919
Deductions / retirement during the period	–	–	–	–	–
Exchange difference	25,937	39,991	3,47,90,379	4,49,857	3,53,06,164
As at March 31, 2015	6,28,307	18,66,689	86,54,48,127	1,08,97,706	87,88,40,829
Depreciation and amortization					
As at April 1, 2014	1,20,474	1,81,042	82,21,49,517	28,21,702	82,52,72,735
For the period	1,23,063	2,24,162	34,12,977	28,12,420	65,72,622
Deductions / adjustments during the period	–	–	–	–	–
Exchange difference	7,786	11,829	3,45,07,841	1,80,899	3,47,08,355
As at March 31, 2015	2,51,323	4,17,033	86,00,70,335	58,15,021	86,65,53,712
Net book value					
As at March 31, 2015	3,76,984	14,49,656	53,77,792	50,82,685	1,22,87,117

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

in ₹, except as otherwise stated

Particulars	Tangible assets				Total
	Plant and equipment	Office equipment	Computer equipment	Furniture and fixtures	
Original cost					
As at April 1, 2013	–	–	73,49,65,494	–	73,49,65,494
Additions / adjustments during the period	6,02,370	9,28,779	9,56,92,254	1,04,47,849	10,76,71,252
Deductions / retirement during the period	–	–	–	–	–
As at March 31, 2014	6,02,370	9,28,779	83,06,57,748	1,04,47,849	84,26,36,746
Depreciation and amortization					
As at April 1, 2013	–	–	6,21,29,998	–	6,21,29,998
For the period	1,20,474	1,81,042	76,00,19,519	28,21,702	76,31,42,737
Deductions / Adjustments during the period	–	–	–	–	–
As at March 31, 2014	1,20,474	1,81,042	82,21,49,517	28,21,702	82,52,72,735
Net book value					
As at March 31, 2014	4,81,896	7,47,737	85,08,231	76,26,147	1,73,64,011

Had the Company continued with the previously assessed useful lives, charge for depreciation for the year ended March 31, 2015 would have been higher by ₹ 44,34,838, for assets held at April 1, 2014. The revision of the useful lives will result in the following changes in the depreciation expense as compared to the original useful life of the assets.

in ₹

Particulars	Fiscal 2016	After Fiscal 2016
Increase / (decrease) in depreciation expense	(19,07,698)	(25,27,140)

2.7 Leases

Obligations on long-term, non-cancellable operating leases

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

in ₹

Particulars	As at March 31,	
	2015	2014
Lease rentals recognized during the year	1,74,56,635	1,78,56,382

in ₹

Lease obligations payable	As at March 31,	
	2015	2014
Within one year of the Balance Sheet date	1,81,95,673	1,41,05,355
Due in a period between one year and five years	5,13,36,575	5,96,66,299
Due after five years	–	64,83,716

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 relate to rented premises. Some of these lease agreements have price escalation clauses.

2.8 Deferred taxes

in ₹

Particulars	As at March 31,	
	2015	2014
Deferred tax assets		
Fixed assets	3,05,19,007	2,82,85,176
Trade receivables	1,24,77,469	49,03,793
Unavailed leave	2,93,75,633	2,22,51,472
Accrued compensation to employees	5,02,41,752	2,49,47,033
Post sales client support	1,42,72,814	–
Others	4,10,07,506	3,84,626
	17,78,94,181	8,07,72,100

2.9 Long-term loans and advances

in ₹

Particulars	As at March 31,	
	2015	2014
Advance income taxes (net of provisions)	17,55,20,774	15,38,10,432
	17,55,20,774	15,38,10,432

2.10 Trade receivables

in ₹

Particulars	As at March 31,	
	2015	2014
Debts outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	2,28,56,113	87,47,251
Less: Provision for doubtful debts	2,28,56,113	87,47,251
	–	–
Other debts		
Unsecured		
Considered good	2,03,01,96,494	1,76,96,45,363
Less: Provision for doubtful debts	96,37,295	41,86,139
	2,02,05,59,199	1,76,54,59,224

2.11 Cash and cash equivalents

in ₹

Particulars	As at March 31,	
	2015	2014
Balances with banks		
In current accounts	1,74,00,86,434	41,17,01,839
	1,74,00,86,434	41,17,01,839

The deposits maintained by the Company with banks and financial institutions comprise time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

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

in ₹

Particulars	As at March 31,	
	2015	2014
In current accounts		
Bank of America, U.S.	4,38,18,427	40,29,76,943
Royal Bank of Canada	1,69,62,68,007	87,24,896
Total cash and cash equivalents as per Balance Sheet	1,74,00,86,434	41,17,01,839

2.12 Short-term loans and advances

in ₹

Particulars	As at March 31,	
	2015	2014
Unsecured, considered good		
Others		
Prepaid expenses	4,98,12,758	47,24,710
For supply of goods and rendering of services	92,57,061	12,15,990
Withholding and other taxes receivable	1,46,688	1,91,07,413
Others [(1)]	3,93,65,397	5,18,309
	9,85,81,903	2,55,66,422
Unbilled revenues	1,27,57,93,943	79,78,82,299
Loans and advances to employees		
Housing and other loans	8,89,875	15,026
Salary advances	17,08,445	36,98,862
Unsecured, considered doubtful		
Loans and advances to employees	–	2,61,220
Less: Provision for doubtful loans and advances to employees	–	2,61,220
	1,37,69,74,167	82,71,62,609
[(1)] *Includes dues from holding company (Refer to Note 2.17)*	3,93,65,397	5,18,309

2.13 Income from software services and products

in ₹

Particulars	Year ended March 31,	
	2015	2014
Income from software services	11,07,00,50,414	10,49,60,59,795
	11,07,00,50,414	10,49,60,59,795

2.14 Other income

in ₹

Particulars	Year ended March 31,	
	2015	2014
Gains / (losses) on foreign currency, net	(4,30,75,729)	(14,45,004)
	(4,30,75,729)	(14,45,004)

2.15 Expenses

in ₹

Particulars	Year ended March 31,	
	2015	2014
Employee benefit expenses		
Salaries and bonus including overseas staff expenses	1,65,68,49,040	1,57,45,83,113
Staff welfare	38,54,860	37,22,472
	1,66,07,03,900	1,57,83,05,585
Cost of technical sub-contractors		
Technical sub-contractors subsidiaries	7,44,91,62,766	5,77,89,97,245
Technical sub-contractors others	99,14,66,625	1,67,05,28,928
	8,44,06,29,391	7,44,95,26,173
Travel expenses		
Traveling and conveyance	12,03,49,687	10,49,81,972
	12,03,49,687	10,49,81,972
Cost of software packages and others		
For own use	9,61,04,757	6,65,43,379
	9,61,04,757	6,65,43,379
Communication expenses		
Telephone charges	42,26,043	34,77,414
Communication expenses	14,08,739	21,55,034
	56,34,782	56,32,448
Other expenses		
Office maintenance	5,25,900	24,40,504
Power and fuel	19,846	–
Brand building and marketing	1,48,80,711	1,41,61,002
Rent	1,74,56,635	1,78,56,382
Rates and taxes, excluding taxes on income	87,80,476	31,54,383
Repairs to plant and machinery	37,944	–
Consumables	3,72,225	1,08,409
Insurance charges	36,68,492	97,78,108
Professional membership and seminar participation fees	6,83,393	7,36,449
Provision for post-sales client support and warranties	(72,97,879)	4,46,83,644
Commission to non-whole time directors	61,18,000	60,74,501
Provision for bad and doubtful debts and advances	1,66,58,378	(49,79,465)
Auditor's remuneration		
Statutory audit fees	15,64,250	–
Donations	7,69,903	16,58,898
Others	17,61,234	9,70,125
	6,59,99,508	9,66,42,941

2.16 Tax expense

in ₹

Particulars	Year ended March 31,	
	2015	2014
Current tax		
Income taxes	28,74,70,098	15,04,35,213
Deferred taxes	(9,22,15,681)	(8,15,00,020)
	19,52,54,417	6,89,35,193

2.17 Related party transactions

List of related parties:

Name of holding company	Country	As at March 31,	
		2015	2014
Infosys Limited	India	100%	100%

Name of fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Mexico	Mexico
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Brasil	Brazil
Infosys Consulting India Limited [1]	India
Infosys Americas [2]	U.S.
Infosys BPO s.r.o [3]	Czech Republic
Infosys BPO (Poland) Sp. z o.o. [3]	Poland
Infosys BPO S. de R.L. de C.V. [3][11]	Mexico
Infosys McCamish Systems LLC [3]	U.S.
Portland Group Pty. Ltd. [3]	Australia
Portland Procurement Services Pty. Ltd. [7]	Australia
Infosys Australia [4]	Australia
EdgeVerve Systems Limited [10]	India
Lodestone Holding AG	Switzerland
Lodestone Management Consultants (Canada) Inc. [5][9]	Canada
Lodestone Management Consultants Inc. [5]	U.S.
Lodestone Management Consultants Pty. Limited [5]	Australia
Lodestone Management Consultants AG [5]	Switzerland
Lodestone Augmentis AG [8]	Switzerland
Hafner Bauer & Ödman GmbH [5]	Switzerland
Lodestone Management Consultants (Belgium) S.A. [6]	Belgium
Lodestone Management Consultants GmbH [5]	Germany
Lodestone Management Consultants Pte Ltd. [5]	Singapore
Lodestone Management Consultants SAS [5]	France
Lodestone Management Consultants s.r.o. [5]	Czech Republic
Lodestone Management Consultants GmbH [5]	Austria
Lodestone Management Consultants China Co., Ltd. [5]	China
Lodestone Management Consultants Ltd. [5]	U.K.
Lodestone Management Consultants BV [5]	Netherlands
Lodestone Management Consultants Ltda. [6]	Brazil
Lodestone Management Consultants sp. z o.o. [5]	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA [5]	Portugal
SC Lodestone Management Consultants S.R.L. [5]	Romania

Name of fellow subsidiaries	Country
Lodestone Management Consultants S.R.L. [5]	Argentina
Infosys Canada Public Services Ltd. [12][13]	Canada
Infosys Nova Holdings LLC (Infosys Nova) [14]	U.S.
Panaya Inc. [15]	U.S.
Panaya Ltd.[16]	Israel
Panaya Gmbh [16]	Germany
Panaya Pty. Ltd.[16]	Australia
Panaya Japan Co. Ltd.[16]	Japan

[1] *The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.*
[2] *Incorporated effective June 25, 2013*
[3] *Wholly-owned subsidiaries of Infosys BPO*
[4] *Under liquidation*
[5] *Wholly-owned subsidiaries of Lodestone Holding AG*
[6] *Majority-owned and controlled subsidiaries of Lodestone Holding AG*
[7] *Wholly-owned subsidiary of Portland Group Pty. Ltd. Liquidated effective May 14, 2014*
[8] *Wholly-owned subsidiary of Lodestone Management Consultant AG*
[9] *Liquidated effective December 31, 2013*
[10] *Incorporated effective February 14, 2014*
[11] *Incorporated effective February 14, 2014*
[12] *Wholly-owned subsidiary of Infosys Public Services, Inc.*
[13] *Incorporated effective December 19, 2014*
[14] *Incorporated effective January 23, 2015*
[15] *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
[16] *Wholly-owned subsidiary of Panaya Inc.*

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

in ₹

Particulars	As at March 31,	
	2015	2014
Other receivables		
Infosys Limited	3,93,65,397	5,18,309
Trade payables		
Infosys Limited	2,45,48,74,508	98,16,01,611
Infosys BPO Limited	1,48,20,169	–
Other Payables		
Infosys Limited	4,36,83,750	1,90,44,643
Provision for expenses		
EdgeVerve Systems Limited	3,30,96,438	–

The details of the related party transactions entered into by the Company for the year ended March 31, 2014 and March 31, 2013 are as follows:

in ₹

Particulars	As at March 31,	
	2015	2014
Capital transactions:		
Financing transaction - Equity		
Infosys Limited	–	74,90,00,000
Loans		
Infosys Limited	–	(74,90,00,000)
Revenue transactions:		
Purchase of services		
Infosys Limited	7,34,45,35,381	5,76,52,24,661
Infosys BPO Ltd.	7,11,40,869	–
EdgeVerve Systems Limited	3,34,86,516	–
Interest expense		
Infosys Limited	–	4,73,45,973

2.18 Research and development expenditure

in ₹

Particulars	As at March 31,	
	2015	2014
R&D expenditure		
revenue	–	36,55,981
	–	36,55,981

2.19 Segment reporting

The Company's operations predominantly relate to providing end-to-end business solutions to enable clients to enhance business performance. Effective quarter ended March 31, 2014, the Company reorganized its business to strengthen its focus on growing existing client relationships and increasing market share through service differentiation and operational agility. Consequent to the internal reorganization there were changes effected in the reportable industry segments based on the management approach as laid down in AS 17–Segment Reporting and an additional segment, Life Sciences and Healthcare was identified. The Chief Executive Officer evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes and geographic segmentation of customers. Accordingly, segment information has been presented both along industry classes and geographic segmentation of customers, industry being the primary segment. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

Industry segments for the Company are primarily enterprises in Financial Services and Insurance (FSI), enterprises in Manufacturing (MFG), enterprises in the Energy and utilities, Communication and Services (ECS), enterprises in Retail, Consumer Packaged Goods and Logistics (RCL) and enterprises in Life Sciences and Healthcare (LSH). Geographic segmentation is based on business sourced from that geographic region and delivered from both onsite and offshore. North America comprises the United States of America, Canada and Mexico; Europe includes continental Europe (both the east and the west), Ireland and the United Kingdom; and the Rest of the World comprising all other places except those mentioned above and India. Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Allocated expenses of segments include expenses incurred for rendering services from the Company's offshore software development centres and on-site expenses, which are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. Management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as unallocated and adjusted against the total income of the Company.

Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made. Geographical information on revenue and industry revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

Industry segments

Year ended March 31, 2015 and *March 31, 2014*:

in ₹

Particulars	FSI	MFG	ECS	RCL	LSH	Total
Income from software services and products	65,52,08,170	14,80,29,331	81,78,04,954	5,43,45,065	9,39,46,62,893	11,07,00,50,414
	35,91,68,834	*15,02,78,344*	*5,70,30,398*	*1,20,95,731*	*9,91,74,86,488*	*10,49,60,59,795*
Identifiable operating expenses	52,07,23,873	13,06,99,329	73,26,22,391	7,06,39,996	7,75,13,22,492	9,20,60,08,083
	26,37,78,179	*12,43,22,114*	*4,41,52,388*	*1,02,78,792*	*7,92,49,05,706*	*8,36,74,37,179*
Allocated expenses	7,46,73,529	1,68,70,709	9,32,04,549	61,93,662	1,07,07,01,898	1,26,16,44,417
	3,50,22,000	*1,46,53,410*	*55,60,946*	*11,79,436*	*96,70,38,830*	*1,02,34,54,622*
Segmental operating income	5,98,10,768	4,59,222	(80,21,986)	(2,24,88,593)	57,26,38,503	60,23,97,914
	6,03,68,655	*1,13,02,820*	*73,17,064*	*6,37,503*	*1,02,55,41,952*	*1,10,51,67,994*
Unallocable expenses						65,72,622
						80,85,76,807
Other income						(4,30,75,729)
						(14,45,004)
Profit before tax						55,27,49,563
						29,51,46,183
Tax expense						19,52,54,417
						6,89,35,193
Profit for the period						35,74,95,146
						22,62,10,990

Geographic segments

Year ended March 31, 2015 and *March 31, 2014*:

in ₹

Particulars	North America	Rest of the World	Total
Income from software services and products	11,07,00,50,414	–	11,07,00,50,414
	10,49,60,59,795	–	*10,49,60,59,795*
Identifiable operating expenses	9,20,60,08,083	–	9,20,60,08,083
	8,36,74,37,179	–	*8,36,74,37,179*
Allocated expenses	1,26,16,44,417	–	1,26,16,44,417
	1,02,34,54,622	–	*1,02,34,54,622*
Segmental operating income	60,23,97,914	–	60,23,97,914
	1,10,51,67,994	–	*1,10,51,67,994*
Unallocable expenses			65,72,622
			80,85,76,807
Other income, net			(4,30,75,729)
			(14,45,004)
Profit before tax			55,27,49,563
			29,51,46,183
Tax expense			19,52,54,417
			6,89,35,193
Profit for the period			35,74,95,146
			22,62,10,990

2.20 Function-wise classification of Statement of Profit and Loss

in ₹

Particulars	Year ended March 31,	
	2015	2014
Income from software services and products	11,07,00,50,414	10,49,60,59,795
Software development expenses	9,66,53,92,174	8,70,08,70,500
GROSS PROFIT	1,40,46,58,240	1,79,51,89,295
Selling and marketing expenses	50,03,24,950	45,92,62,743
General and administration expenses	30,19,35,376	23,07,58,560
	80,22,60,326	69,00,21,303
OPERATING PROFIT BEFORE DEPRECIATION and INTEREST	60,23,97,914	1,10,51,67,992
Interest Expenses	–	4,54,34,069
Depreciation and amortization	65,72,622	76,31,42,737
OPERATING PROFIT	59,58,25,292	29,65,91,186
Other income	(4,30,75,729)	(14,45,004)
PROFIT BEFORE TAX	55,27,49,563	29,51,46,182
Tax expense:		
Current tax	28,74,70,098	15,04,35,213
Deferred tax	(9,22,15,681)	(8,15,00,020)
PROFIT FOR THE PERIOD	35,74,95,146	22,62,10,990

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

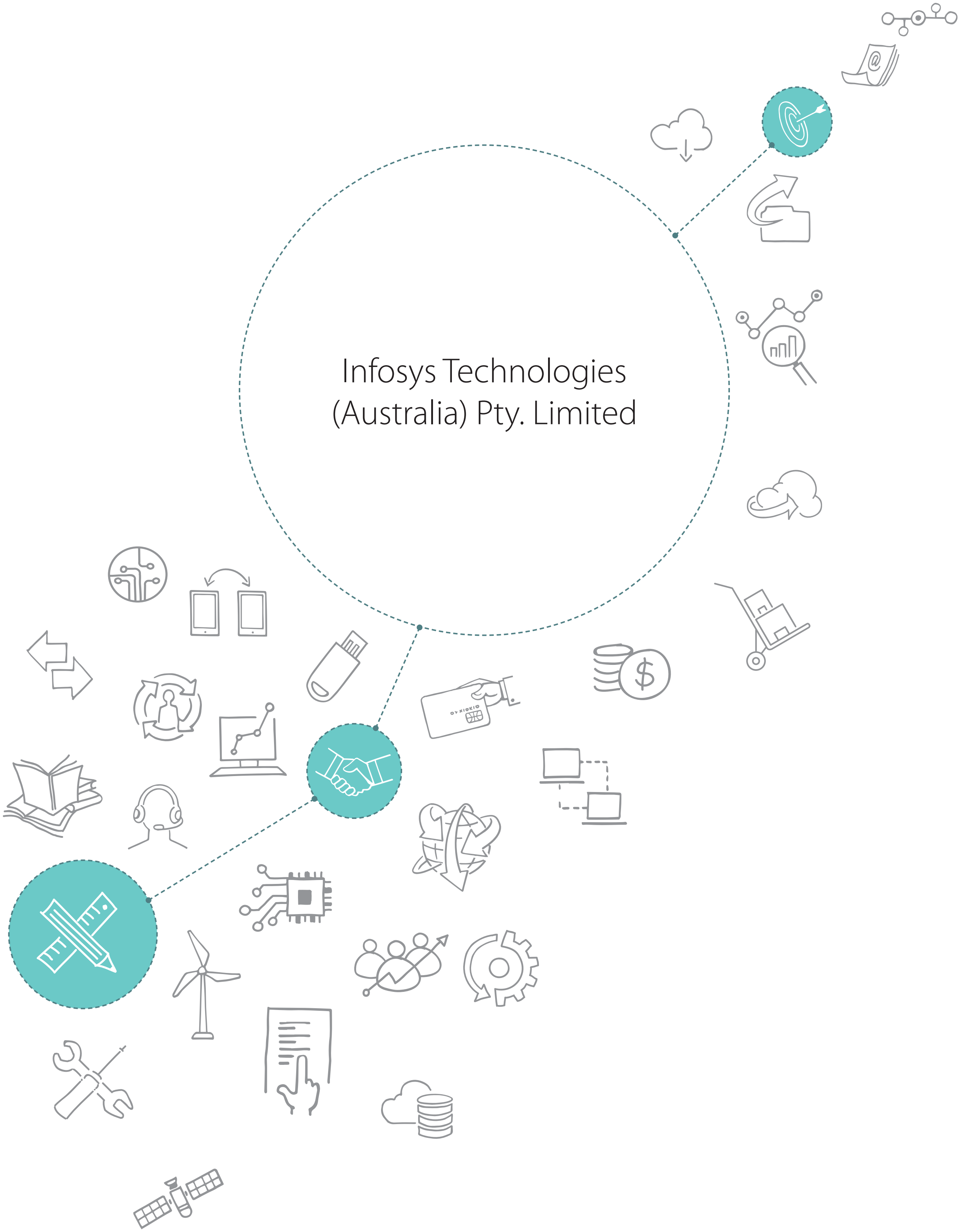
M. Rathnakar Kamath
Partner
Membership Number: 202841

Prof. Jeffrey S. Lehman
Chairman

Eric Paternoster
CEO

Bengaluru
April 17, 2015

Infosys Technologies (Australia) Pty. Limited



Independent Auditors' Report

To the Members of Infosys Technologies (Australia) Pty. Limited

Report on the standalone Financial Statements

We have audited the accompanying standalone financial statements of Infosys Technologies (Australia) Pty. Limited. ('the Company'), which comprises the Balance sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, We report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Place: Bengaluru
Date: April 17, 2015

Balance Sheet

in ₹

Particulars	Note	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	4,36,92,227	4,36,92,227
Reserves and surplus	2.2	29,65,90,667	34,81,91,973
		34,02,82,894	39,18,84,200
CURRENT LIABILITIES			
Other current liabilities	2.3	28,76,525	1,00,41,210
Short-term provisions	2.4	67,78,808	70,40,307
		96,55,333	1,70,81,517
		34,99,38,227	40,89,65,717
ASSETS			
NON-CURRENT ASSETS			
Long-term loans and advances	2.6	–	3,67,55,196
		–	3,67,55,196
CURRENT ASSETS			
Cash and cash equivalents	2.7	34,93,76,718	37,16,51,944
Short-term loans and advances	2.8	5,61,509	5,58,576
		34,99,38,227	37,22,10,520
		34,99,38,227	40,89,65,717
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

U. B. Pravin Rao
Chairman

Andrew Groth
Chief Executive Officer and Managing Director

Bengaluru
April 17, 2015

Statement of Profit and Loss

in ₹, except per share data

Particulars	Note	Year ended March 31, 2015	Year ended March 31, 2014
Other income	2.9	1,40,83,430	2,67,18,748
Total revenue		1,40,83,430	2,67,18,748
Expenses			
Professional charges		1,76,42,300	96,35,449
Other expenses	2.10	(84,83,628)	(4,57,240)
Total expenses		91,58,672	91,78,209
PROFIT BEFORE TAX		49,24,758	1,75,40,539
Tax expense:			
Current tax	2.11	15,77,672	1,30,52,219
PROFIT FOR THE PERIOD		33,47,086	44,88,320
EARNINGS PER EQUITY SHARE			
Equity shares of par value ₹ 5/- each			
Basic		0.33	0.44
Diluted		0.33	0.44
Number of shares used in computing earnings per share	2.14		
Basic		1,01,08,869	1,01,08,869
Diluted		1,01,08,869	1,01,08,869
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

U. B. Pravin Rao
Chairman

Andrew Groth
Chief Executive Officer and Managing Director

Bengaluru
April 17, 2015

Cash Flow Statement

in ₹

Particulars	Note	Year ended March 31, 2015	Year ended March 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		49,24,758	1,75,40,539
Adjustments to reconcile profit before tax to cash provided by operating activities			
Interest and dividend income		(1,25,57,314)	(1,15,29,164)
Effect of exchange differences on translation of assets and liabilities		(5,49,48,392)	(93,44,523)
Changes in assets and liabilities			
Loans and advances and other assets		(24,167)	(1,20,429)
Liabilities and provisions		(71,64,685)	61,32,986
		(6,97,69,800)	26,79,409
Income taxes paid		3,49,16,025	1,37,82,158
NET CASH GENERATED BY / (USED) IN OPERATING ACTIVITIES		(3,48,53,775)	1,64,61,567
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividend received		1,25,78,548	1,10,91,017
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		1,25,78,548	1,10,91,017
CASH FLOWS FROM FINANCING ACTIVITIES		–	–
NET CASH GENERATED BY / (USED) IN FINANCING ACTIVITIES		–	–
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(2,22,75,227)	2,75,52,584
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		37,16,51,944	34,40,99,360
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		34,93,76,718	37,16,51,944
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

U. B. Pravin Rao
Chairman

Andrew Groth
Chief Executive Officer and Managing Director

Bengaluru
April 17, 2015

Significant accounting policies and notes on accounts

Company overview

Infosys Technologies Australia Pty. Limited (Infosys Australia) is a wholly-owned subsidiary of Infosys Limited. The Company provides end-to-end business solutions that leverage technology, thereby enabling its clients to enhance their business performance. The Company's operations provide solutions that span the entire software lifecycle encompassing technical consulting, design, development, re-engineering, maintenance, systems integration, package evaluation and implementation, testing and infrastructure management services. The Company is of a kind referred to in Class Order 98/0100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective January 31, 2006), issued by the Australian Securities and Investments Commission.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from April 1 to March 31.

1.2 Basis of preparation of financial statements

On July 4, 2012 the board of directors of Infosys Australia, have passed a resolution approving in principle the transfer of assets and liabilities to Infosys Limited effective April 1, 2012. Infosys Australia is currently being Liquidated. Accordingly these financial statements have not been prepared on a going concern basis. Instead, these financial statements have been prepared on a liquidation basis. Assets and liabilities are presented as current. Assets have been recorded at their realizable value and liabilities recorded at their known estimated settlement value.

1.3 Reporting currency

The Company's reporting currency is INR.

1.4 Use of estimates

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

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

1.5 Revenue recognition

Revenue is primarily derived from software development and related services and from the licensing of software products. Arrangements with customers for software development and related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price and fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized based upon the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Cost and earnings in excess of billings are classified as unbilled revenue while billings in excess of cost and earnings are classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

Annual Technical Services revenue and revenue from fixed-price maintenance contracts are recognized ratably over the period in which services are rendered. Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license, except in case of multiple element contracts, which require significant implementation services, where revenue for the entire arrangement is recognized over the implementation period based upon the percentage-of-completion method. Revenue from client training, support and other services arising due to the sale of software products is recognized as the related services are performed.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount / incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts using a cumulative catch-up approach. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

The Company presents revenues net of value-added taxes in its Statement of Profit and Loss

1.6 Provisions and contingent liabilities

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

1.7 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.8 Benefits to employees

Compensated absences

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

1.9 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. Minimum alternate tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognized as an asset in the Balance Sheet if there is convincing evidence that the Company will pay normal tax after the tax holiday period and the resultant asset can be measured reliably. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

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

1.10 Earnings per share

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

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

1.11 Cash flow statement

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

1.12 Cash and cash equivalents

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

1.13 Leases

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

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

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

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at March 31,	
	2015	2014
Authorized		
1,01,08,869 equity shares of AUD 0.11/- par value	4,36,92,227	4,36,92,227
Issued, subscribed and paid-up		
1,01,08,869 (1,01,08,869) equity shares of AUD 0.11 par value, fully paid up	4,36,92,227	4,36,92,227
[Of the above, 1,01,08,869 (1,01,08,869) equity shares are held by the holding company, Infosys Limited]	4,36,92,227	4,36,92,227

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

Name of the shareholder	As at March 31,			
	2015		2014	
	No. of shares	% held	No. of shares	% held
Infosys Limited	1,01,08,869	100%	1,01,08,869	100%

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

Particulars	As at March 31,			
	2015		2014	
	Number of Shares	Amount	Number of Shares	Amount
Number of shares at the beginning of the period	1,01,08,869	4,36,92,227	1,01,08,869	4,36,92,227
Add: Issue of shares	–	–	–	–
Number of shares at the end of the period	1,01,08,869	4,36,92,227	1,01,08,869	4,36,92,227

2.2 Reserves and surplus

in ₹

Particulars	As at March 31,	
	2015	2014
Foreign currency translation reserve – Opening balance	1,80,70,76,685	181,64,21,208
Add: Foreign currency translation during the year	(5,49,48,392)	(93,44,523)
Foreign currency translation reserve – Closing balance	1,75,21,28,293	180,70,76,685
Surplus – Opening Balance	(1,45,88,84,712)	(1,46,33,73,032)
Add: Net profit after tax transferred from Statement of Profit and Loss	33,47,086	44,88,320
Surplus- Closing Balance	(1,45,55,37,626)	(1,45,88,84,712)
	29,65,90,667	34,81,91,973

2.3 Other current liabilities

in ₹

Particulars	As at March 31,	
	2015	2014
Other liabilities		
Provision for expenses	28,76,525	1,00,41,777
Withholding and other taxes payable	–	(566)
	28,76,525	1,00,41,210

2.4 Short-term provisions

in ₹

Particulars	As at March 31,	
	2015	2014
Provision for		
Income taxes	67,78,808	70,40,307
	67,78,808	70,40,307

2.5 Leases

Obligations on long-term, non-cancellable operating leases

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

in ₹

Particulars	Year ended March 31,	
	2015	2014
Lease rentals recognized during the year	–	–

The operating lease arrangements, are renewable on a periodic basis.

2.6 Long-term loans and advances

in ₹

Particulars	As at March 31,	
	2015	2014
Other loans and advances		
Advance income taxes	–	3,67,55,196
	–	3,67,55,196

2.7 Cash and cash equivalents

in ₹

Particulars	As at March 31,	
	2015	2014
Balances with banks		
In current and deposit accounts	34,93,76,718	37,16,51,944
	34,93,76,718	37,16,51,944

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

in ₹

Particulars	As at March 31, 2015	As at March 31, 2014
In current accounts		
Citigroup Pty. Limited	62,49,832	35,93,372
Citibank N.A., New Zealand	3,43,34,256	19,32,718
	4,05,84,088	55,26,090
In deposit accounts		
National Australia Bank Limited	30,87,92,630	36,61,25,854
	30,87,92,630	36,61,25,854
Total cash and cash equivalents as per Balance Sheet	34,93,76,718	37,16,51,944

2.8 Short-term loans and advances

in ₹

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good		
Others		
Withholding and other taxes receivable	1,44,596	1,20,429
Interest accrued but not due	4,16,913	4,38,147
	5,61,509	5,58,576

2.9 Other income

in ₹

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Interest received on deposits with banks and others	1,25,57,314	1,15,29,164
Gains / (losses) on foreign currency, net	15,26,116	1,51,89,584
	1,40,83,430	2,67,18,748

2.10 Expenses

in ₹

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Other expenses		
Rates and taxes	(89,79,063)	(5,95,140)
Repairs to plant and machinery	–	(28)
Auditor's remuneration		
Statutory audit fees	4,95,435	1,37,928
	(84,83,628)	(4,57,240)

2.11 Tax expense

in ₹

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Current tax		
Income taxes	15,77,672	1,30,52,219
	15,77,672	1,30,52,219

2.12 Related party transactions

List of related parties:

Name of Holding Company	Country	Holding as at March 31, 2015	Holding as at March 31, 2014
Infosys Limited	India	100%	100%

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

(1) *The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.*
(2) *Incorporated effective June 25, 2013*
(3) *Wholly-owned subsidiaries of Infosys BPO.*
(4) *Wholly-owned subsidiaries of Lodestone Holding AG*
(5) *Majority-owned and controlled subsidiaries of Lodestone Holding AG*
(6) *Wholly-owned subsidiary of Portland Group Pty. Ltd. Liquidated effective May 14, 2014.*
(7) *Wholly-owned subsidiary of Lodestone Management Consultant AG*
(8) *Liquidated effective December 31, 2013*
(9) *Incorporated effective February 14, 2014*
(10) *Incorporated effective February 14, 2014*
(11) *Wholly-owned subsidiary of Infosys Public Services, Inc.*
(12) *Incorporated effective December 19, 2014*
(13) *Incorporated effective January 23, 2015*
(14) *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
(15) *Wholly-owned subsidiary of Panaya Inc.*

Name of Associate	Country
DWA Nova LLC (1)	U.S.

(1) *Associates of Infosys Nova Holdings LLC.*

2.13 Segment reporting

The Company's operations predominantly relate to providing end-to-end business solutions thereby enabling clients to enhance business performance, delivered to customers globally operating in various industry segments. Effective year ended March 31, 2015, the Group reorganized its business to increase its client focus. Consequent to the internal reorganization there were changes effected in the reportable segments based on the "management approach", as laid down in AS 17, Segment reporting. The Chief Executive Officer evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by industry classes and geographic segmentation of customers. Accordingly, segment information has been presented both along industry classes and geographic segmentation of customers, industry being the primary segment. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

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

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Allocated expenses of segments include expenses incurred for rendering services from the Company's offshore software development centers and onsite expenses, which are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. The Management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocated" and adjusted against the total income of the group.

Fixed assets used in the Group's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosures relating to total segment assets and liabilities are made. Geographical information on revenue and industry revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

Industry segments

Year ended March 31, 2015 and *March 31, 2014:*

in ₹

Particulars	FSI	MFG	ECS	RCL	LSH	Total
Income from software services and products	–	–	–	–	–	–
	–	–	–	–	–	–
Identifiable operating expenses	–	–	–	–	–	–
	–	–	–	–	–	–
Allocated expenses	–	–	91,58,672	–	–	91,58,672
	–	–	*91,78,209*	–	–	*91,78,209*
Segmental operating income	–	–	(91,58,672)	–	–	(91,58,672)
	–	–	*(91,78,209)*	–	–	*(91,78,209)*
Unallocable expenses						–
						–
Other income						1,40,83,430
						2,67,18,748
Profit before tax						49,24,758
						1,75,40,539
Tax expense						15,77,672
						1,30,52,219
Profit for the period						33,47,086
						44,88,320

Geographic segments

Year ended March 31, 2015 and *March 31, 2014:*

in ₹

Particulars	North America	Europe	India	Rest of the World	Total
Income from software services and products	–	–	–	–	–
	–	–	–	–	–
Identifiable operating expenses	–	–	–	–	–
	–	–	–	–	–
Allocated expenses	–	–	–	91,58,672	91,58,672
	–	–	–	*91,78,209*	*91,78,209*
Segmental operating income	–	–	–	(91,58,672)	(91,58,672)
	–	–	–	*(91,78,209)*	*(91,78,209)*
Unallocable expenses					–
					–
Other income, net					1,40,83,430
					2,67,18,748
Profit before tax					49,24,758
					1,75,40,539
Tax expense					15,77,672
					1,30,52,219
Profit for the period					33,47,086
					44,88,320

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

Particulars	Year ended March 31,	
	2015	2014
Number of shares considered as basic weighted average shares outstanding	1,01,08,869	1,01,08,869
Add: Effect of dilutive issues of shares / stock options	–	–
Number of shares considered as weighted average shares and potential shares outstanding	1,01,08,869	1,01,08,869

2.15 Function-wise classification of Statement of Profit and Loss

in ₹

Particulars	Year ended March 31,	
	2015	2014
Income from software services and products	–	–
Software development expenses	–	–
GROSS PROFIT	–	–
Selling and marketing expenses	–	–
General and administration expenses	91,58,672	91,78,209
	91,58,672	91,78,209
OPERATING PROFIT BEFORE DEPRECIATION	(91,58,672)	(91,78,209)
Depreciation and amortization	–	–
OPERATING PROFIT	(91,58,672)	(91,78,209)
Other income	1,40,83,430	2,67,18,748
PROFIT BEFORE TAX	49,24,758	1,75,40,539
Tax expense:		
Current tax	15,77,672	1,30,52,219
Deferred tax	–	–
PROFIT FOR THE PERIOD	33,47,086	44,88,320

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

U. B. Pravin Rao
Chairman

Andrew Groth
Chief Executive Officer and Managing Director

Bengaluru
April 17, 2015

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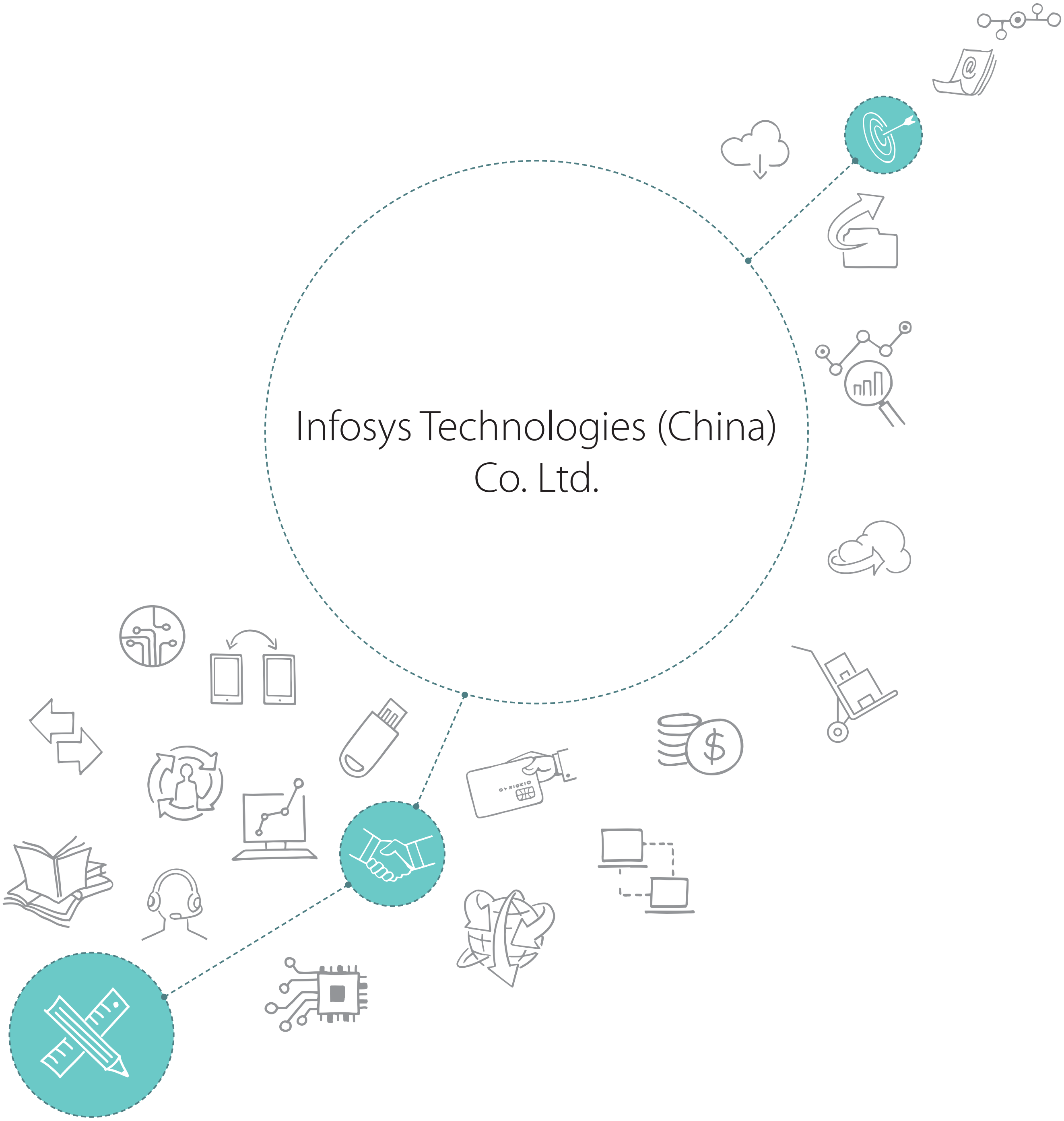
Infosys Technologies (China) Co. Ltd.



Independent Auditors' Report

To the Members of Infosys Technologies (China) Company Limited.

Report on the standalone Financial Statements

We have audited the accompanying standalone financial statements of Infosys Technologies (China) Company Limited. ('the Company'), which comprises the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2014 and its loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, We report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Place: Bengaluru
Date: January 9, 2015

Balance Sheet

in ₹

Particulars	Note	As at December 31,	
		2014	2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	1,06,34,07,042	1,06,34,07,042
Reserves and surplus	2.2	37,99,28,397	62,89,01,714
		1,44,33,35,439	1,69,23,08,756
CURRENT LIABILITIES			
Trade payables	2.4	52,24,35,242	20,99,00,929
Other current liabilities	2.5	94,79,98,930	67,41,84,544
Short-term provisions	2.6	13,77,23,948	13,08,27,405
		1,60,81,58,120	1,01,49,12,878
		3,05,14,93,559	2,70,72,21,634
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.7	22,31,16,454	28,20,69,132
Capital work-in-progress		14,57,614	–
		22,45,74,068	28,20,69,132
Deferred tax assets (net)	2.3	–	18,04,48,681
Long-term loans and advances	2.9	2,39,94,556	6,55,21,931
		24,85,68,624	52,80,39,744
CURRENT ASSETS			
Trade receivables	2.10	1,57,57,09,172	1,08,89,97,251
Cash and cash equivalents	2.11	64,95,41,291	62,98,18,530
Short-term loans and advances	2.12	57,76,74,472	46,03,66,109
		2,80,29,24,935	2,17,91,81,890
		3,05,14,93,559	2,70,72,21,634
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Sanjay Jalona
Chairman

Bengaluru
January 9, 2015

Rangarajan V. R.
Director

Statement of Profit and Loss

in ₹

Particulars	Note	Year ended December 31,	
		2014	2013
Income from software services and products	2.13	7,28,82,71,219	6,83,98,15,689
Other income	2.14	6,36,94,756	9,29,82,429
Total revenue		7,35,19,65,975	6,93,27,98,118
Expenses			
Employee benefit expenses	2.15	5,73,99,89,100	5,46,72,53,428
Cost of technical sub-contractors	2.15	23,41,59,408	17,38,21,444
Travel expenses	2.15	26,68,78,675	25,13,47,114
Cost of software packages and others	2.15	4,48,80,742	87,43,626
Communication expenses	2.15	18,17,77,899	18,67,63,270
Professional charges		17,46,98,647	13,12,18,289
Depreciation and amortization expenses	2.7	12,37,85,841	23,93,04,371
Other expenses	2.15	64,95,71,809	50,85,50,291
Total expenses		7,41,57,42,121	6,96,70,01,833
PROFIT BEFORE TAX		(6,37,76,146)	(3,42,03,715)
Tax expense			
Current tax	2.16	–	–
Deferred tax	2.16	18,35,74,280	(1,43,27,182)
PROFIT FOR THE PERIOD		(24,73,50,426)	(1,98,76,533)
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Sanjay Jalona
Chairman

Bengaluru
January 9, 2015

Rangarajan V. R.
Director

Cash Flow Statement

in ₹

Particulars	Note	Year ended December 31, 2014	Year ended December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		(6,37,76,146)	(3,42,03,715)
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		12,37,85,841	23,93,04,371
Provision for bad and doubtful debts		4,19,57,141	(75,83,741)
Interest and dividend income		(67,99,883)	(73,70,904)
Other non-cash item		44,00,724	86,17,811
Effect of exchange differences on translation of assets and liabilities		(21,88,117)	16,35,37,640
Changes in assets and liabilities			
Trade receivables		(52,86,69,062)	(31,83,21,951)
Loans and advances and other assets		(7,57,80,988)	(24,85,17,819)
Liabilities and provisions		56,84,30,238	17,35,15,462
		6,13,59,748	(3,10,22,846)
Income taxes paid		–	9,88,32,608
NET CASH GENERATED BY OPERATING ACTIVITIES		6,13,59,748	6,78,09,762
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure (including intangible assets)		(4,84,36,870)	(8,59,42,772)
Interest and dividend received		67,99,883	73,70,904
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(4,16,36,987)	(7,85,71,868)
NET CASH USED IN FINANCING ACTIVITIES		–	–
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		1,97,22,761	(1,07,62,106)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		62,98,18,530	64,05,80,636
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		64,95,41,291	62,98,18,530
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Sanjay Jalona
Chairman

Bengaluru
January 9, 2015

Rangarajan V. R.
Director

Significant accounting policies and notes on accounts

Company overview

Infosys Technologies (China) Co. Limited ('Infosys China') is a wholly-owned subsidiary of Infosys Limited. The Company provides end-to-end business solutions that leverage technology, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

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

1.3 Reporting currency

The Company's reporting currency is the INR.

1.4 Use of estimates

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

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

1.5 Revenue recognition

Revenue is primarily derived from software development and related services. Arrangements with customers for software development and related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price and fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized based upon the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Cost and earnings in excess of billings are classified as unbilled revenue while billings in excess of cost and earnings is classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount / incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts using a cumulative catch-up approach. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

The Company presents revenues net of value-added taxes in its Statement of Profit and Loss.

Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sale price and carrying value of the investment. Lease rentals are recognized ratably on a straight-line basis over the lease term. Interest is recognized using the time-proportion method, based on rates implicit in the transaction. Dividend income is recognized when the Company's right to receive dividend is established.

1.6 Provisions and contingent liabilities

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

1.7 Post-sales client support and warranties

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

1.8 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

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

1.10 Intangible assets

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

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

1.11 Depreciation and amortization

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

Buildings [(1)]	22-25 years
Plant and machinery [(1)]	5 years
Office equipment	5 years
Computer equipment [(1)]	3-5 years
Furniture and fixtures [(1)]	5 years
Vehicles [(1)]	5 years

[(1)] For these class of assets, based on 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. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

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

1.12 Provision for impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13 Benefits to employees

Compensated absences

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

1.14 Foreign currency transactions

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

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

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.15 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

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

1.16 Cash and cash equivalents

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

1.17 Cash flow statement

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

1.18 Leases

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

1.19 Government grants

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

2 Notes on accounts for the year ended December 31, 2014

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

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2014	2013
Authorized		
23,000,000 (23,000,000) USD	1,10,46,10,000	1,10,46,10,000
Issued, subscribed and paid-up		
23,000,000 (23,000,000) USD	1,06,34,07,042	1,06,34,07,042
[Of the above, 23,000,000 (23,000,000) USD are held by the holding company, Infosys Limited]	1,06,34,07,042	1,06,34,07,042

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2014	2013
Foreign currency translation reserve - Opening balance	49,09,05,592	26,15,17,485
Add: Foreign currency translation during the year	(16,22,891)	22,93,88,107
Foreign currency translation reserve - Closing balance	48,92,82,701	49,09,05,592
Surplus - Opening balance	13,79,96,122	15,78,72,655
Add: Net profit after tax transferred from Statement of Profit and Loss	(24,73,50,426)	(1,98,76,533)
Surplus - Closing balance	(10,93,54,304)	13,79,96,122
	37,99,28,397	62,89,01,714

2.3 Deferred taxes

in ₹

Particulars	As at December 31,	
	2014	2013
Deferred tax assets		
Fixed assets	–	5,44,89,240
Trade receivables	–	53,44,393
Unavailed leave	–	1,50,79,770
Computer software	–	71,75,982
Accrued compensation to employees	–	5,11,86,748
Accumulated losses	–	2,88,44,406
Others	–	1,83,28,142
	–	18,04,48,681

2.4 Trade payables

in ₹

Particulars	As at December 31,	
	2014	2013
Trade Payables [(1)]	52,24,35,242	20,99,00,929
	52,24,35,242	20,99,00,929
[(1)] *Includes dues from holding company and fellow subsidiaries (Refer to Note 2.19)*	16,31,33,552	4,56,58,986

2.5 Other current liabilities

in ₹

Particulars	As at December 31,	
	2014	2013
Accrued salaries and benefits		
Salaries and benefits	2,44,57,186	30,15,240
Bonus and incentives	47,19,42,094	40,64,78,742
Other liabilities		
Provision for expenses [(1)]	32,95,48,923	15,42,71,654
Retention monies	7,69,208	5,28,006
Withholding and other taxes payable	8,23,976	46,09,063
Unearned revenue	9,02,73,644	9,62,54,918
Other payables	3,01,83,899	90,26,921
	94,79,98,930	67,41,84,544
[(1)] *Includes provision from fellow subsidiaries (Refer to Note 2.19)*	–	76,90,809

2.6 Short-term provisions

in ₹

Particulars	As at December 31,	
	2014	2013
Provision for employee benefits		
Unavailed leave	12,30,27,780	12,06,38,159
Post-sales client support and warranties and other provisions	1,46,96,168	1,01,89,246
	13,77,23,948	13,08,27,405

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

in ₹

Particulars	As at December 31,	
	2014	2013
Balance at the beginning	1,01,89,246	–
Provision recognized (reversal)	44,00,724	86,17,811
Provision utilized	–	–
Exchange difference during the period	1,02,95,444	15,71,435
Balance at the end	1,46,96,168	1,01,89,246

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

2.7 Fixed assets

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

in ₹

Particulars	Tangible Assets						Total
	Land - Leasehold	Plant and equipment	Office equipment	Computer equipment	Furniture and fixtures	Vehicles	
Original cost							
As at January 1, 2014	1,01,59,83,577	26,45,29,450	20,54,44,863	85,84,49,002	13,28,49,004	39,22,436	248,11,78,332
Additions / adjustments during the year	1,19,48,092	–	32,95,654	5,19,05,226	2,44,564	–	6,73,93,536
Deductions / retirement during the year	(7,29,531)	(2,58,835)	(1,55,76,423)	(57,76,752)	(68,45,128)	(13,90,356)	(3,05,77,025)
As at December 31, 2014	1,02,72,02,138	26,42,70,615	19,31,64,094	90,45,77,476	12,62,48,440	25,32,080	251,79,94,843
Depreciation and amortization							
As at January 1, 2014	1,01,29,57,696	15,13,40,547	13,69,46,882	79,59,60,267	10,02,62,476	16,41,332	219,91,09,200
For the year	37,58,755	4,86,54,588	2,71,89,154	2,75,81,935	1,61,10,073	4,91,336	12,37,85,841
Deductions / adjustments during the year	(9,08,942)	13,47,835	(1,45,33,182)	(62,42,475)	(63,06,844)	(13,73,044)	(2,80,16,652)
As at December 31, 2014	1,01,58,07,509	20,13,42,970	14,96,02,854	81,72,99,727	11,00,65,705	7,59,624	229,48,78,389
Net book value							
As at December 31, 2014	1,13,94,629	6,29,27,645	4,35,61,240	8,72,77,749	1,61,82,735	17,72,456	22,31,16,454

The changes in the carrying value of fixed assets for the year ended December 31, 2013 are as follows:

in ₹

Particulars	Tangible Assets						Total
	Land - Leasehold	Plant and equipment	Office equipment	Computer equipment	Furniture and fixtures	Vehicles	
Original cost							
As at January 1, 2013	87,00,75,483	22,71,26,180	15,92,20,559	68,58,58,490	11,79,86,249	11,93,682	206,14,60,643
Additions / adjustments during the year	37,20,480	4,43,535	1,96,38,760	6,05,45,373	6,10,172	24,18,000	8,73,76,320
Deductions / retirement during the year	14,21,87,614	3,69,59,735	2,65,85,544	11,20,45,139	1,42,52,583	3,10,754	33,23,41,369
As at December 31, 2013	1,01,59,83,577	26,45,29,450	20,54,44,863	85,84,49,002	13,28,49,004	39,22,436	248,11,78,332
Depreciation and amortization							
As at January 1, 2013	82,66,26,765	8,23,72,521	9,14,45,567	59,64,60,200	7,34,35,669	11,93,682	167,15,34,404
For the year	4,70,19,173	5,22,31,287	2,86,60,195	9,48,62,877	1,62,75,729	2,55,110	23,93,04,371
Deductions / adjustments during the year	13,93,11,758	1,67,36,739	1,68,41,120	10,46,37,190	1,05,51,078	1,92,540	28,82,70,425
As at December 31, 2013	1,01,29,57,696	15,13,40,547	13,69,46,882	79,59,60,267	10,02,62,476	16,41,332	219,91,09,200
Net book value							
As at December 31, 2013	30,25,881	11,31,88,903	6,84,97,981	6,24,88,735	3,25,86,528	22,81,104	28,20,69,132

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

The existing and revised useful lives are as below:

Category of assets	Earlier useful life (Years)	Current useful life (Years)
Building	15	22-25
Plant and machinery	5	5
Computer equipment	2-5	3-5

Category of assets	Earlier useful life (Years)	Current useful life (Years)
Furniture and fixtures	5	5
Vehicles	5	5

Had the Company continued with the previously assessed useful lives, the charge for depreciation for the year ended December 31, 2014 would have been higher by ₹1,77,05,969 for assets held at April 1, 2014. The revision of the useful lives will result in the following changes in the depreciation expense as compared to the original useful life of the assets:

in ₹

Particulars	Year ended December 2015	After December 2015
Increase / (decrease) in depreciation expense	(85,78,272)	2,62,84,241

2.8 Leases

Obligations on long-term, non-cancellable operating leases

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

in ₹

Particulars	Year ended December 31,	
	2014	2013
Lease rentals recognized during the year	27,41,43,453	22,51,67,175

in ₹

Lease obligations payable	As at December 31,	
	2014	2013
Within one year of the Balance Sheet date	21,31,65,023	23,03,23,353
Due in a period between one year and five years	8,91,34,677	16,41,79,885
Due after five years	2,55,27,538	–

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

2.9 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Rental deposits	2,39,94,556	6,55,21,931
Unsecured, considered doubtful		
Loans and advances to employees	96,995	97,090
	2,40,91,551	6,56,19,021
Less: Provision for doubtful loans and advances to employees	96,995	97,090
	2,39,94,556	6,55,21,931

2.10 Trade receivables [(1)]

in ₹

Particulars	As at December 31,	
	2014	2013
Debts outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	4,35,62,373	2,72,83,036
Less: Provision for doubtful debts	4,35,62,373	2,72,83,036
	–	–
Other debts		
Unsecured		
Considered good	1,57,57,09,172	1,08,89,97,251
Considered doubtful (Others)	1,74,33,134	52,82,862
	1,59,31,42,306	1,09,42,80,113
Less: Provision for doubtful debts (others)	1,74,33,134	52,82,862
	1,57,57,09,172	1,08,89,97,251
	1,57,57,09,172	1,08,89,97,251
[(1)] *Includes dues from holding company and fellow subsidiaries (Refer to Note 2.19)*	10,72,23,220	2,85,66,528

2.11 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2014	2013
Cash on hand	–	–
Balances with banks		
In current and deposit accounts	64,95,41,291	62,98,18,530
	64,95,41,291	62,98,18,530

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

in ₹

Particulars	As at December 31,	
	2014	2013
In current accounts		
The Royal Bank of Scotland, China (U.S. Dollar account)	4,08,79,208	2,18,45,014
The Royal Bank of Scotland, China	58,40,82,461	56,31,58,550
Pudong Development Bank	1,40,86,121	3,80,90,828
Construction Bank, China	9,07,243	6,25,775
China Merchants Bank, China	80,57,460	46,10,815
Bank of Communication Dalian, China	15,28,798	14,87,548
Total cash and cash equivalents as per Balance Sheet	64,95,41,291	62,98,18,530

2.12 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Others		
Prepaid expenses	1,20,01,694	1,50,37,254
Withholding and other taxes receivable	–	13,29,104
Others	14,72,496	27,02,419
	1,34,74,190	1,90,68,777
Unbilled revenues [(1)]	46,74,55,668	39,33,26,710
Salary advances	3,43,67,908	3,33,90,290
Security Deposits	18,88,850	29,63,800
Rental deposits	6,04,87,856	1,16,16,532
	57,76,74,472	46,03,66,109

Particulars	As at December 31,	
	2014	2013
(1) Includes unbilled revenue from fellow subsidiaries (Refer to Note 2.19)	–	62,20,443

2.13 Income from software services and products

in ₹

Particulars	Year ended December 31,	
	2014	2013
Income from software services	7,21,28,23,566	6,72,94,07,757
Income from software products	7,54,47,653	11,04,07,932
	7,28,82,71,219	6,83,98,15,689

2.14 Other income

in ₹

Particulars	Year ended December 31,	
	2014	2013
Interest received on deposits with banks and others	67,99,883	73,70,904
Miscellaneous income, net	8,14,82,229	10,03,21,907
Gains / (losses) on foreign currency, net	(2,45,87,356)	(1,47,10,382)
	6,36,94,756	9,29,82,429

2.15 Expenses

in ₹

Particulars	Year ended December 31,	
	2014	2013
Employee benefit expenses		
Salaries and bonus	5,56,24,53,905	5,35,08,71,934
Staff welfare	17,75,35,195	11,63,81,494
	5,73,99,89,100	5,46,72,53,428
Cost of technical sub-contractors		
Technical sub-contractors - subsidiaries	11,83,01,946	8,36,95,033
Technical sub-contractors -others	11,58,57,462	9,01,26,411
	23,41,59,408	17,38,21,444
Travel expenses		
Traveling and conveyance	26,68,78,675	25,13,47,114
	26,68,78,675	25,13,47,114
Cost of software packages and others		
For own use	66,00,675	87,43,626
Third party items bought for service delivery to clients	3,82,80,067	–
	4,48,80,742	87,43,626
Communication expenses		
Telephone charges	5,52,39,269	8,58,78,824
Communication expenses	12,65,38,630	10,08,84,446
	18,17,77,899	18,67,63,270
Other expenses		
Office maintenance	12,79,50,297	11,94,83,229
Power and fuel	5,60,67,504	5,93,54,206
Brand building	19,56,983	47,49,675
Rent	27,41,43,453	22,51,67,175
Rates and taxes, excluding taxes on income	99,63,522	40,90,775
Repairs to plant and machinery	2,33,04,336	1,77,14,191
Computer maintenance	6,79,84,173	4,54,46,221
Consumables	32,59,068	4,32,699

Particulars	Year ended December 31,	
	2014	2013
Insurance charges	15,20,356	46,170
Professional membership and seminar participation fees	9,22,265	14,05,065
Provision for post-sales client support and warranties	44,00,724	86,17,811
Provision for bad and doubtful debts and advances	4,19,57,141	(75,83,741)
Auditor's remuneration		
Statutory audit fees	23,55,963	21,33,573
Others	3,37,86,024	2,74,93,242
	64,95,71,809	50,85,50,291

2.16 Tax expense

in ₹

	Year ended December 31,	
	2014	2013
Current tax		
Income taxes	–	–
Deferred taxes	18,35,74,280	(1,43,27,182)
	18,35,74,280	(1,43,27,182)

2.17 Quantitative details

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

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

in ₹

Particulars	As at December 31,	
	2014	2013
Commitments		
Estimated amount of unexecuted capital contracts (net of advances and deposits)	2,00,54,967	80,20,909

2.19 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at December 31,	
		2014	2013
Infosys Limited	India	100%	100%

Name of fellow subsidiaries	Country
Infosys BPO	India
Infosys Mexico	Mexico
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Brasil	Brazil
Infosys Public Services, Inc.	U.S.
Infosys Consulting India Limited (1)	India
Infosys Americas (2)	U.S.
Infosys BPO s.r.o (3)	Czech Republic
Infosys BPO (Poland) Sp. z o.o. (3)	Poland
Infosys BPO S. de R.L. de C.V. (3)(11)	Mexico
Infosys McCamish Systems LLC (3)	U.S.
Portland Group Pty. Ltd. (3)	Australia
Portland Procurement Services Pty. Ltd. (7)	Australia

Name of fellow subsidiaries	Country
Infosys Australia [4]	Australia
EdgeVerve Systems Limited [10]	India
Lodestone Holding AG	Switzerland
Lodestone Management Consultants (Canada) Inc. [5][9]	Canada
Lodestone Management Consultants Inc. [5]	U.S.
Lodestone Management Consultants Pty. Limited [5]	Australia
Lodestone Management Consultants AG [5]	Switzerland
Lodestone Augmentis AG [8]	Switzerland
Hafner Bauer & Ödman GmbH [5]	Switzerland
Lodestone Management Consultants (Belgium) S.A. [6]	Belgium
Lodestone Management Consultants GmbH [5]	Germany
Lodestone Management Consultants Pte Ltd. [5]	Singapore
Lodestone Management Consultants SAS [5]	France
Lodestone Management Consultants s.r.o. [5]	Czech Republic
Lodestone Management Consultants GmbH [5]	Austria
Lodestone Management Consultants China Co., Ltd. [5]	China
Lodestone Management Consultants Ltd. [5]	U.K.
Lodestone Management Consultants BV [5]	Netherlands
Lodestone Management Consultants Ltda. [6]	Brazil
Lodestone Management Consultants Sp. z o.o. [5]	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA [5]	Portugal
SC Lodestone Management Consultants S.R.L. [5]	Romania
Lodestone Management Consultants S.R.L. [5]	Argentina
Infosys Canada Public Services Ltd. [12]	Canada

(1) *The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.*
(2) *Incorporated effective June 25, 2013*
(3) *Wholly-owned subsidiaries of Infosys BPO*
(4) *Under liquidation*
(5) *Wholly-owned subsidiaries of Lodestone Holding AG*
(6) *Majority-owned and controlled subsidiaries of Lodestone Holding AG*
(7) *Wholly-owned subsidiary of Portland Group Pty. Ltd.; liquidated effective May 14, 2014*
(8) *Wholly-owned subsidiary of Lodestone Management Consultant AG*
(9) *Liquidated effective December 31, 2013*
(10) *Incorporated effective February 14, 2014*
(11) *Incorporated effective February 14, 2014*
(12) *Incorporated effective December 19, 2014; wholly-owned subsidiary of Infosys Public Services, Inc.*

Related party transactions

The details of amounts due to or due from as at December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
Trade receivables		
Infosys Limited	10,06,36,002	2,85,66,528
Lodestone Management Consultants Co., Ltd	65,87,218	–
Trade payables		
Infosys Limited	14,79,11,240	4,56,58,986
Lodestone Management Consultants Co., Ltd	1,52,22,312	–
Other current assets		
Lodestone Management Consultants Co., Ltd	–	62,20,443
Other current liabilities		
Lodestone Management Consultants Co., Ltd	–	76,90,809

The details of the related party transactions entered into by the Company for the year ended December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	Year ended December 31,	
	2014	2013
Revenue transactions		
Purchase of services		
Infosys Limited	10,00,62,977	5,53,61,818
Lodestone Management Consultants Co., Ltd	1,82,38,969	2,83,33,215
Sale of services		
Infosys Limited	151,29,74,300	2,35,41,19,433
Lodestone Management Consultants Co., Ltd	–	58,55,937

2.20 Research and development expenditure

in ₹

Particulars	Year ended December 31,	
	2014	2013
R&D expenditure		
Revenue	1,78,22,066	5,54,59,120
	1,78,22,066	5,54,59,120

2.21 Segment reporting

The Company's operations predominantly relate to providing end-to-end business solutions to enable clients to enhance business performance. Effective quarter ended March 31, 2014, the Company reorganized its business to strengthen its focus on growing existing client relationships and increasing market share through service differentiation and operational agility. Consequent to the internal reorganization there were changes effected in the reportable industry segments based on the management approach as laid down in AS 17, Segment reporting and an additional segment, Life Sciences and Healthcare was identified. The Chief Executive Officer evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes and geographic segmentation of customers. Accordingly, segment information has been presented both along industry classes and geographic segmentation of customers, industry being the primary segment. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

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

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Allocated expenses of segments include expenses incurred for rendering services from the Company's offshore software development centres and on-site expenses, which are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. Management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as unallocated and adjusted against the total income of the Company.

Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made. Geographical information on revenue and industry revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

Industry segments

Year ended December 31, 2014 and *December 31, 2013*:

in ₹

Particulars	FSI	MFG	RCL	LSH	ECS	Total
Income from software services and products	1,24,64,95,770	3,49,81,44,920	1,32,97,66,956	16,99,86,442	1,04,38,77,131	7,28,82,71,219
	1,33,07,08,977	*2,99,12,80,347*	*1,48,77,52,145*	*24,14,96,016*	*78,85,78,204*	*683,98,15,689*
Identifiable operating expenses	70,30,78,998	200,34,56,267	75,91,06,979	10,12,84,369	63,88,30,081	4,20,57,56,694
	67,90,11,835	*1,72,74,09,599*	*83,38,95,112*	*14,00,05,462*	*38,19,12,630*	*3,76,22,34,638*
Allocated expenses	52,78,25,408	148,12,80,413	56,30,86,376	7,19,80,319	44,20,27,070	3,08,61,99,586
	57,69,40,693	*129,68,96,155*	*64,50,28,153*	*10,47,02,742*	*34,18,95,082*	*2,96,54,62,825*
Segmental operating income	1,55,91,363	1,34,08,240	75,73,601	(32,78,245)	(3,69,80,019)	(36,85,061)
	7,47,56,449	*(3,30,25,407)*	*88,28,881*	*(32,12,188)*	*6,47,70,492*	*11,21,18,227*
Unallocable expenses						12,37,85,841
						23,93,04,371
Other income						6,36,94,756
						9,29,82,429
Profit before tax						(6,37,76,146)
						(3,42,03,714)
Tax expense						18,35,74,280
						(1,43,27,182)
Profit for the period						(24,73,50,426)
						(1,98,76,532)

Geographic segments

Year ended December 31, 2014 and *December 31, 2013:*

in ₹

Particulars	North America	Europe	India	Rest of the World	Total
Income from software services and products	3,24,74,99,328	1,02,44,74,092	32,95,759	3,01,30,02,040	7,28,82,71,219
	332,55,97,059	*94,29,80,721*	*7,62,26,450*	*2,49,50,11,459*	*6,83,98,15,689*
Identifiable operating expenses	1,70,64,69,323	52,89,35,761	17,80,174	1,96,85,71,436	4,20,57,56,694
	164,97,88,116	*51,82,75,651*	*3,91,78,683*	*1,55,49,92,188*	*3,76,22,34,638*
Allocated expenses	1,37,51,45,186	43,38,10,903	13,95,581	1,27,58,47,916	3,08,61,99,586
	1,44,18,42,134	*40,88,37,665*	*3,30,48,654*	*108,17,34,372*	*2,96,54,62,825*
Segmental operating income	16,58,84,818	6,17,27,428	1,20,005	(23,14,17,312)	(36,85,061)
	23,39,66,809	*1,58,67,406*	*39,99,112*	*(14,17,15,100)*	*11,21,18,227*
Unallocable expenses					12,37,85,841
					23,93,04,371
Other income, net					6,36,94,756
					9,29,82,429
Profit before tax					(6,37,76,146)
					(3,42,03,714)
Tax expense					18,35,74,280
					(1,43,27,182)
Profit for the period					(24,73,50,426)
					(1,98,76,532)

2.22 Function-wise classification of Statement of Profit and Loss

in ₹

Particulars	Year ended December 31,	
	2014	2013
Income from software services and products	7,28,82,71,219	6,83,98,15,689
Software development expenses	5,94,96,17,870	5,53,35,87,605
GROSS PROFIT	1,33,86,53,349	1,30,62,28,084
Selling and marketing expenses	34,91,72,172	28,84,45,785
General and administration expenses	99,31,66,238	90,56,64,074
	1,34,23,38,410	1,19,41,09,858
OPERATING PROFIT BEFORE INTEREST AND DEPRECIATION	(36,85,061)	11,21,18,226
Depreciation and amortization	12,37,85,841	23,93,04,371
OPERATING PROFIT	(12,74,70,902)	(12,71,86,145)
Other income	6,36,94,756	9,29,82,429
PROFIT BEFORE TAX	(6,37,76,146)	(3,42,03,715)
Tax expense		
Current tax	–	–
Deferred tax	18,35,74,280	(1,43,27,182)
PROFIT FOR THE PERIOD	(24,73,50,426)	(1,98,76,533)

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Sanjay Jalona
Chairman

Bengaluru
January 9, 2015

Rangarajan V. R.
Director

Infosys Tecnologia do Brasil Ltda

Independent Auditors' Report

To the Members of Infosys Tecnologia do Brasil Ltda.

Report on the standalone Financial Statements

We have audited the accompanying standalone financial statements of Infosys Technologia do Brasil Ltda. ('the Company'), which comprises the Balance sheet as at December 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2014 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, We report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Place: Bengaluru
Date: January 9, 2015

Balance Sheet

in ₹

Particulars	Note	As at December 31,	
		2014	2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	1,08,54,71,562	1,08,54,71,562
Reserves and surplus	2.2	(45,48,48,122)	(75,77,53,015)
		63,06,23,440	32,77,18,547
CURRENT LIABILITIES			
Short term borrowings	2.3	31,36,54,330	32,57,03,097
Trade payables	2.4	2,25,29,974	3,51,24,707
Other current liabilities	2.5	35,47,74,304	44,26,88,502
Short-term provisions	2.6	11,41,92,112	5,66,40,737
		80,51,50,720	86,01,57,043
		1,43,57,74,160	1,18,78,75,590
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.7	7,87,41,043	9,51,57,438
Capital work-in-progress		8,20,322	33,97,875
		7,95,61,365	9,85,55,313
Deferred tax assets (net)	2.9	12,11,48,211	–
Long-term loans and advances	2.10	23,03,37,419	15,21,84,833
		43,10,46,995	25,07,40,146
CURRENT ASSETS			
Trade receivables	2.11	42,46,84,736	43,45,04,847
Cash and cash equivalents	2.12	36,69,67,283	32,02,75,200
Short-term loans and advances	2.13	21,30,75,146	18,23,55,397
		1,00,47,27,165	93,71,35,444
		1,43,57,74,160	1,18,78,75,590
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Claudio Elsas
Legal Administrator

Bengaluru
January 9, 2015

Statement of Profit and Loss

in ₹, except per share data

Particulars	Note	Year ended December 31,	
		2014	2013
Income from software services		2,20,34,51,311	1,87,43,75,873
Other income	2.14	(75,65,240)	49,51,147
Total revenue		2,19,58,86,071	1,87,93,27,020
Expenses			
Employee benefit expenses	2.15	1,47,30,76,260	1,60,57,52,900
Cost of technical sub-contractors	2.15	11,95,27,506	28,95,67,331
Travel expenses	2.15	5,54,22,770	7,90,35,983
Cost of software packages and others	2.15	92,507	2,02,651
Communication expenses	2.15	4,24,25,788	5,30,61,582
Professional charges		3,09,17,756	4,71,14,830
Interest expenses		1,88,71,442	92,35,378
Depreciation and amortization expenses	2.7	5,06,50,811	4,07,73,867
Other expenses	2.15	12,78,40,451	8,51,88,572
Total expenses		1,91,88,25,291	2,20,99,33,094
PROFIT BEFORE TAX		27,70,60,780	(33,06,06,074)
Tax expense:			
Current tax	2.16	4,55,26,302	–
Deferred tax	2.16	(12,00,80,602)	–
PROFIT FOR THE PERIOD		35,16,15,080	(33,06,06,074)
EARNINGS PER EQUITY SHARE			
Shares of 1 BRL par 1 / - value each			
Basic and diluted		8.79	(8.33)
Number of shares used in computing earnings per share			
Basic and diluted		4,00,00,000	3,96,66,667
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Claudio Elsas
Legal Administrator

Bengaluru
January 9, 2015

Cash Flow Statement

in ₹

Particulars	Note	Year ended December 31, 2014	Year ended December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		27,70,60,780	(33,06,06,074)
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		5,06,50,811	4,07,73,867
Interest and dividend income		–	(5,12,689)
Provision for bad and doubtful debts		74,68,557	(1,87,71,470)
Other non-cash item		9,35,201	74,16,954
Interest expense		1,88,71,442	92,35,378
Effect of exchange differences on translation of assets and liabilities		(4,04,18,180)	47,92,444
Changes in assets and liabilities			
Trade receivables		23,51,554	(14,41,84,009)
Loans and advances and other assets		(3,18,67,501)	5,53,54,378
Liabilities and provisions		(8,91,49,249)	32,07,60,587
		19,59,03,415	(5,57,40,634)
Income taxes paid		(8,54,19,636)	(6,79,34,885)
NET CASH GENERATED BY OPERATING ACTIVITIES		11,04,83,779	(12,36,75,519)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure (including intangible assets)		(3,28,71,488)	(10,47,01,905)
Interest and dividend received		–	10,96,052
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(3,28,71,488)	(10,36,05,853)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution by parent		–	5,43,00,001
Loan received from parent		(3,09,20,208)	31,64,67,719
NET CASH USED IN FINANCING ACTIVITIES		(3,09,20,208)	37,07,67,720
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		4,66,92,083	14,34,86,348
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		32,02,75,200	17,67,88,852
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		36,69,67,283	32,02,75,200
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Claudio Elsas
Legal Administrator

Bengaluru
January 9, 2015

Significant accounting policies

Company overview

Infosys Tecnologia do Brasil Ltda (Infosys Brasil) is a wholly-owned subsidiary of Infosys Limited. The Company provides end-to-end business solutions that leverage technology, thereby enabling its clients to enhance their business performance. The Company's operations provide solutions that span the entire software lifecycle encompassing technical consulting, design, development, re-engineering, maintenance, systems integration, package evaluation and implementation, testing and infrastructure management services.

1 Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

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

1.3 Reporting currency

The Company's reporting currency is INR.

1.4 Use of estimates

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

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

1.5 Revenue recognition

Revenue is primarily derived from software development and related services. Arrangements with customers for software development and related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price and fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized based upon the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Cost and earnings in excess of billings are classified as unbilled revenue while billings in excess of cost and earnings are classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount / incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts using a cumulative catch-up approach. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

The Company presents revenues net of value-added taxes in its Statement of Profit and Loss.

Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sale price and carrying value of the investment. Lease rentals are recognized ratably on a straight-line basis over the lease term. Interest is recognized using the time-proportion method, based on rates implicit in the transaction. Dividend income is recognized when the Company's right to receive dividend is established.

1.6 Provisions and contingent liabilities

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

1.7 Post-sales client support and warranties

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

1.8 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

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

1.10 Intangible assets

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

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

1.11 Depreciation and amortization

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

Buildings [1]	22-25 years
Plant and machinery [1]	5 years
Office equipment	5 years
Computer equipment [1]	3-5 years
Furniture and fixtures [1]	5 years
Vehicles [1]	5 years

[1] For these class of assets, based on 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. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

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

1.12 Impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13 Employee benefits

Compensated absences

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

1.14 Foreign currency transactions

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

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

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.15 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions.

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

1.16 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period.

1.17 Cash and cash equivalents

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

1.18 Leases

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

2 Notes on accounts for the year ended December 31, 2014

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

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2014	2013
Authorized		
Equity shares, BRL 1/- par value		
4,00,00,000 (4,00,00,000) shares	1,08,84,65,663	1,08,84,65,663
Issued, Subscribed and Paid-up		
Equity shares, BRL 1/- par value		
4,00,00,000 (4,00,00,000) equity shares fully paid-up	1,08,54,71,562	1,08,54,71,562
	1,08,54,71,562	1,08,54,71,562
[Of the above, 3,99,99,999 (3,99,99,999) equity shares are held by the holding company, Infosys Limited]	1,08,54,71,562	1,08,54,71,562

The details of shareholder holding more than 5% shares as at December 31, 2014 and December 31, 2013 are set out below :

Name of the shareholder	As at December 31,			
	2014		2013	
	No. of shares	% held	No. of shares	% held
Infosys Limited	3,99,99,999	100.00	3,99,99,999	100.00

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2014 and December 31, 2013 is set out below:

in ₹

Particulars	As at December 31,			
	2014		2013	
	Number of shares	Amount	Number of shares	Amount
Number of shares at the beginning of the period	4,00,00,000	1,08,54,71,562	3,80,00,000	1,03,11,71,561
Add: Shares issued	–	–	20,00,000	5,43,00,001
Number of shares at the end of the period	4,00,00,000	1,08,54,71,562	4,00,00,000	1,08,54,71,562

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2014	2013
Foreign currency translation reserve–Opening balance	(66,50,496)	(80,82,175)
Add: Foreign currency translation during the year	(4,87,10,187)	14,31,679
Foreign currency translation reserve–Closing balance	(5,53,60,683)	(66,50,496)
Surplus–Opening balance	(75,11,02,519)	(42,04,96,445)
Add: Net profit after tax transferred from Statement of Profit and Loss	35,16,15,080	(33,06,06,074)
Surplus–Closing balance	(39,94,87,439)	(75,11,02,519)
	(45,48,48,122)	(75,77,53,015)

2.3 Short term borrowings

in ₹

Particulars	As at December 31,	
	2014	2013
From Holding company–Unsecured	31,36,54,330	32,57,03,097
(Refer to Note 2.15)	31,36,54,330	32,57,03,097

2.4 Trade payables

in ₹

Particulars	As at December 31,	
	2014	2013
Trade payables (1)	2,25,29,974	3,51,24,707
	2,25,29,974	3,51,24,707
(1) Includes dues to holding company (Refer to Note 2.15)	2,25,29,974	3,52,27,306

2.5 Other current liabilities

in ₹

Particulars	As at December 31,	
	2014	2013
Accrued salaries and benefits		
Salaries and benefits	–	–
Bonus and incentives	7,74,65,805	5,90,33,983
Other liabilities		
Provision for expenses	2,08,20,506	9,58,96,127
Withholding and other taxes payable	21,27,82,605	11,20,69,143
Unearned revenue	3,11,70,154	2,08,95,741
Other payables (1)	1,25,35,234	15,47,93,508
	35,47,74,304	44,26,88,502
(1) Includes dues to fellow subsidiaries and holding company (Refer to Note 2.15)	57,53,104	15,47,06,824

2.6 Short-term provisions

in ₹

Particulars	As at December 31,	
	2014	2013
Provision for employee benefits		
Unavailed leave	6,25,21,818	4,94,49,732
Others		
Income taxes (net of advance tax and TDS)	4,40,69,865	–
Post-sales client support and warranties and other provisions	76,00,429	71,91,005
	11,41,92,112	5,66,40,737

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

in ₹

Particulars	As at December 31,	
	2014	2013
Balance at the beginning	71,91,005	–
Provision recognized (reversal)	9,35,201	74,16,954
Provision utilized	–	–
Exchange difference during the period	(5,25,777)	(2,25,949)
Balance at the end	76,00,429	71,91,005

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

2.7 Fixed assets

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

in ₹, except as otherwise stated

Particulars	Plant and equipment	Office equipment	Computer equipment	Furniture and fixtures	Total
Original cost					
As at January 1, 2014	2,79,00,229	45,68,356	10,32,43,473	10,66,26,967	24,23,39,025
Additions / adjustments during the year	45,55,122	16,38,682	2,89,68,520	73,64,100	4,25,26,424
Deductions / retirement during the year	(30,32,668)	(5,96,774)	(1,22,04,138)	(1,00,24,421)	(2,58,58,001)
As at December 31, 2014	2,94,22,683	56,10,264	12,00,07,855	10,39,66,646	25,90,07,448
Depreciation and amortization					
As at January 1, 2014	1,66,24,568	9,52,871	7,53,41,510	5,42,62,638	14,71,81,587
For the year	57,27,836	11,42,603	1,95,09,214	2,42,71,158	5,06,50,811
Deductions / adjustments during the year	(19,70,940)	(1,80,569)	(84,19,922)	(69,94,561)	(1,75,65,992)
As at December 31, 2014	2,03,81,464	19,14,905	8,64,30,802	7,15,39,235	18,02,66,406
Net book value					
As at December 31, 2014	90,41,219	36,95,360	3,35,77,053	3,24,27,411	7,87,41,043

Following are the changes in the carrying value of fixed assets for year ended December 31, 2013:

in ₹, except as otherwise stated

Particulars	Plant and equipment	Office equipment	Computer equipment	Furniture and fixtures	Total
Original cost					
As at January 1, 2013	2,04,79,183	7,92,355	6,76,34,136	6,58,61,218	15,47,66,892
Additions / adjustments during the year	83,75,394	39,12,624	3,83,36,608	4,44,58,219	9,50,82,845
Deductions / retirement during the year	(9,54,348)	(1,36,624)	(27,27,271)	(36,92,469)	(75,10,712)
As at December 31, 2013	2,79,00,229	45,68,356	10,32,43,473	10,66,26,967	24,23,39,025
Depreciation and amortization					
As at January 1, 2013	1,22,95,315	3,15,398	5,85,20,992	3,94,25,963	11,05,57,668
For the year	48,01,375	6,75,899	1,88,93,467	1,64,03,126	4,07,73,867
Deductions / adjustments during the year	(4,72,122)	(38,426)	(20,72,949)	(15,66,451)	(41,49,948)
As at December 31, 2013	1,66,24,568	9,52,871	7,53,41,510	5,42,62,638	14,71,81,587
Net book value					
As at December 31, 2013	1,12,75,661	36,15,485	2,79,01,963	5,23,64,329	9,51,57,438

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

The existing and revised useful lives are as below:

Category of assets	Earlier useful life (Years)	Current useful life (Years)
Building	15	22-25
Plant and machinery	5	5
Computer equipment	2-5	3-5
Furniture and fixtures	5	5
Vehicles	5	5

Had the Company continued with the previously assessed useful lives, charge for depreciation for the year months ended December 31, 2014 would have been higher by ₹74,19,339 for assets held at April 1, 2014. The revision of the useful lives will result in the following changes in the depreciation expense as compared to the original useful life of the assets.

in ₹, except as otherwise stated

Particulars	Year ended December, 31	After December, 31
	2015	2015
Increase in depreciation expense	22,22,619	51,96,720

2.8 Leases

Obligations on long-term, non-cancellable operating leases

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

in ₹

Particulars	Year ended December 31,	
	2014	2013
Lease rentals recognized during the year	5,19,57,726	4,56,25,932

in ₹

Lease obligations payable	Year ended December 31,	
	2014	2013
Within one year of the Balance Sheet date	2,53,70,395	5,08,63,138
Due in a period between one year and five years	2,33,77,230	3,90,85,987
Due after five years	–	–

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

2.9 Deferred taxes

in ₹

Particulars	As at December 31,	
	2014	2013
Deferred tax assets		
Accumulated Losses	12,11,48,211	–
	12,11,48,211	–

2.10 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Rental deposits	14,29,800	83,808
Security deposits	20,01,720	21,99,960
Other loans and advances		
Capital advance	3,29,893	62,20,649
Advance income taxes (net of provisions)	22,65,76,006	14,36,80,416
	23,03,37,419	15,21,84,833

2.11 Trade receivables [1]

in ₹

Particulars	As at December 31,	
	2014	2013
Debts outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	65,56,095	70,84,238
Less: Provision for doubtful debts	65,56,095	70,84,238
	–	–
Other debts		
Unsecured		
Considered good	42,46,84,736	43,45,04,847
Considered doubtful (Others)	81,58,067	9,80,257
	43,28,42,803	43,54,85,104
Less: Provision for doubtful debts (others)	81,58,067	9,80,257
	42,46,84,736	43,45,04,847
	42,46,84,736	43,45,04,847
[1] *Includes dues from Holding company (Refer to Note 2.17)*	3,30,76,562	80,79,585

2.12 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2014	2013
Balances with banks		
In current accounts	36,69,67,283	32,02,75,200
	36,69,67,283	32,02,75,200

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

in ₹

Particulars	As at December 31,	
	2014	2013
In current accounts		
Citibank SA	36,69,67,283	32,02,75,200
In current accounts	36,69,67,283	32,02,75,200
Total cash and cash equivalents as per Balance Sheet	36,69,67,283	32,02,75,200

2.13 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Others		
Prepaid expenses	8,29,526	9,35,278
For supply of goods and rendering of services	7,68,292	2,44,69,658
Withholding and other taxes receivable	3,81,84,930	–
Others	2,10,96,690	7,47,74,324
	6,08,79,438	10,01,79,260
Unbilled revenues	14,67,51,197	7,94,60,273
Salary advances	54,44,511	27,15,864
	21,30,75,146	18,23,55,397
[1] *Includes dues from fellow subsidiaries and Holding company (Refer to Note 2.17)*	1,90,73,349	7,09,20,056

2.14 Other income

in ₹

Particulars	Year ended December 31, 2014	2013
Interest received on deposits with banks and others	–	5,12,689
Miscellaneous income, net	80,270	–
Gains / (losses) on foreign currency, net	(76,45,510)	44,38,458
	(75,65,240)	49,51,147

2.15 Expenses

in ₹

Particulars	Year ended December 31, 2014	2013
Employee benefit expenses		
Salaries and bonus	1,46,69,21,513	1,60,06,73,715
Staff welfare	61,54,747	50,79,185
	1,47,30,76,260	1,60,57,52,900
Cost of technical sub-contractors		
Technical sub-contractors – subsidiaries	11,02,59,639	28,16,18,696
Technical sub-contractors – others	92,67,867	79,48,635
	11,95,27,506	28,95,67,331
Travel expenses		
Traveling and conveyance	5,54,22,770	7,90,35,983
	5,54,22,770	7,90,35,983
Cost of software packages and others		
For own use	92,507	2,02,651
	92,507	2,02,651
Communication expenses		
Telephone charges	1,95,97,121	3,63,39,473
Communication expenses	2,28,28,667	1,67,22,109
	4,24,25,788	5,30,61,582
Other expenses		
Office maintenance	4,45,85,490	3,45,93,769
Power and fuel	59,67,017	29,47,818
Brand building	(88)	8,31,770
Rent	5,19,57,726	4,56,25,932
Rates and taxes, excluding taxes on income	1,13,15,257	41,540
Repairs to plant and machinery	9,07,165	98,935
Computer maintenance	1,27,022	23,94,829
Consumables	15,85,087	46,44,693
Insurance charges	7,82,558	6,87,021
Provision for post-sales client support and warranties	9,35,201	74,16,954
Provision for bad and doubtful debts and advances	74,68,557	(1,87,71,470)
Books and periodicals	–	397
Bank charges	1,32,274	1,83,898
Others	20,77,185	44,92,486
	12,78,40,451	8,51,88,572

2.16 Tax expense

in ₹

Particulars	Year ended December 31, 2014	2013
Current tax		–
Income tax	4,55,26,302	–
Deferred tax	(12,00,80,602)	–
	(7,45,54,300)	–

2.17 Related party transactions

List of related parties:

Name of Holding Company	Country	Holding as at December 31, 2014	2013
Infosys Limited	India	100%	100%

Name of Fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Mexico	Mexico
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Public Services, Inc.	U.S.
Infosys Consulting India Limited (1)	India
Infosys Americas (2)	U.S.
Infosys BPO s. r. o (3)	Czech Republic
Infosys BPO (Poland) Sp. z o.o. (3)	Poland
Infosys BPO S. de R. L. de C. V. (3)(11)	Mexico
Infosys McCamish Systems LLC (3)	U.S.
Portland Group Pty. Ltd. (3)	Australia
Portland Procurement Services Pty. Ltd. (7)	Australia
Infosys Australia (4)	Australia
EdgeVerve Systems Limited (10)	India
Lodestone Holding AG	Switzerland
Lodestone Management Consultants (Canada) Inc. (5)(9)	Canada
Lodestone Management Consultants Inc. (5)	U.S.
Lodestone Management Consultants Pty. Limited (5)	Australia
Lodestone Management Consultants AG (5)	Switzerland
Lodestone Augmentis AG (8)	Switzerland
Hafner Bauer & Ödman GmbH (5)	Switzerland
Lodestone Management Consultants (Belgium) S.A. (6)	Belgium
Lodestone Management Consultants GmbH (5)	Germany
Lodestone Management Consultants Pte Ltd. (5)	Singapore
Lodestone Management Consultants SAS (5)	France
Lodestone Management Consultants s.r.o. (5)	Czech Republic
Lodestone Management Consultants GmbH (5)	Austria
Lodestone Management Consultants China Co., Ltd. (5)	China
Lodestone Management Consultants Ltd. (5)	U.K.
Lodestone Management Consultants BV (5)	Netherlands
Lodestone Management Consultants sp. z o.o. (5)	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA (5)	Portugal
SC Lodestone Management Consultants S.R.L. (5)	Romania
Lodestone Management Consultants S.R.L. (5)	Argentina
Infosys Canada Public Services Ltd.(12)	Canada

(1) *The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.*
(2) *Incorporated effective June 25, 2013*
(3) *Wholly-owned subsidiaries of Infosys BPO*
(4) *Under liquidation*
(5) *Wholly-owned subsidiaries of Lodestone Holding AG*
(6) *Majority-owned and controlled subsidiaries of Lodestone Holding AG*
(7) *Wholly-owned subsidiary of Portland Group Pty. Ltd. Liquidated effective May 14, 2014.*
(8) *Wholly-owned subsidiary of Lodestone Management Consultant AG*
(9) *Liquidated effective December 31, 2013*
(10) *Incorporated effective February 14, 2014*
(11) *Incorporated effective February 14, 2014*
(12) *Incorporated effective December 19, 2014, wholly-owned subsidiary of Infosys Public Services, Inc.*

The details of amounts due to or due from as at December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
Loans		
Infosys Limited	31,36,54,330	32,57,03,097
Advance paid		
Lodestone Brazil	54,50,585	3,92,85,000
Trade Receivables		
Infosys Limited	3,30,76,562	80,79,585
Other Receivables		
Infosys Limited	1,34,86,929	3,16,35,056
Infosys BPO Ltd.	1,35,835	–
Trade Payables		
Infosys Limited	2,25,29,974	3,52,27,306
Other Current Liabilities		
Infosys Limited	5,734	–
Infosys BPO Ltd.	1,26,379	–
Lodestone Brazil	56,20,991	15,47,06,824

The details of the related party transactions entered into by the Company for the year ended December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	Year ended December 31,	
	2014	2013
Capital transactions		
Financing transactions		
Infosys Limited	–	5,43,00,001
Loans		
Infosys Limited	–	32,57,03,097
Revenue transactions		
Purchase of services		
Infosys Limited	6,49,34,923	3,92,70,556
Lodestone Brazil	4,53,24,717	24,23,48,141
	11,02,59,639	28,16,18,696
Interest expense		
Infosys Limited	1,88,71,442	92,35,378
Sale of services		
Infosys Limited	5,27,55,226	3,70,52,737

2.18 Segment reporting

The Company's operations predominantly relate to providing end-to-end business solutions to enable clients to enhance business performance. Effective quarter ended March 31, 2014, the Company reorganized its business to strengthen its focus on growing existing client relationships and increasing market share through service differentiation and operational agility. Consequent to the internal reorganization there were changes effected in the reportable industry segments based on the management approach as laid down in AS 17–Segment Reporting and an additional segment, Life Sciences and Healthcare was identified. The Chief Executive Officer evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes and geographic segmentation of customers. Accordingly, segment information has been presented both along industry classes and geographic segmentation of customers, industry being the primary segment. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

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

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Allocated expenses of segments include expenses incurred for rendering services from the Company's offshore software development centres and on-site expenses, which are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. Management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as unallocated and adjusted against the total income of the Company.

Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made. Geographical information on revenue and industry revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

Industry Segments

Year ended December 31, 2014 and *December 31*, 2013:

in ₹

Particulars	FSI	MFG	RCL	LSH	ECS	Total
Income from software services and products	3,56,04,482	1,74,00,34,245	18,55,68,367	18,11,54,969	6,10,89,250	2,20,34,51,311
	3,76,40,310	*1,34,89,84,277*	*19,05,83,043*	*22,15,85,048*	*7,55,83,195*	*1,87,43,75,873*
Identifiable operating expenses	2,59,59,072	1,00,07,84,858	10,35,56,136	10,53,00,879	3,97,29,085	1,27,53,30,030
	1,86,88,323	*1,15,02,67,179*	*14,57,96,468*	*14,36,27,371*	*9,44,66,369*	*1,55,28,45,709*
Allocated expenses	92,74,546	45,32,58,343	4,83,38,365	4,71,88,727	1,59,13,028	57,39,73,009
	1,21,91,049	*43,69,12,830*	*6,17,26,573*	*7,17,67,590*	*2,44,80,098*	*60,70,78,140*
Segmental operating income	3,70,863	28,59,91,044	3,36,73,866	2,86,65,362	54,47,137	35,41,48,272
	67,60,937	*(23,81,95,731)*	*(1,69,39,998)*	*61,90,088*	*(4,33,63,272)*	*(28,55,47,976)*
Unallocable expenses						6,95,22,252
						5,00,09,245
Other income						(75,65,240)
						49,51,147
Profit before tax						27,70,60,780
						(33,06,06,074)
Tax expense						(7,45,54,300)
						–
Profit for the period						35,16,15,080
						(33,06,06,074)

Geographic Segments

Year ended December 31, 2014 and *December 31, 2013*:

in ₹

Particulars	North America	Europe	Rest of the World	Total
Income from software services and products	30,32,98,698	1,11,10,05,955	78,91,46,658	2,20,34,51,311
	36,46,13,953	*72,37,66,955*	*78,59,94,965*	*1,87,43,75,873*
Identifiable operating expenses	16,26,31,540	67,88,28,704	43,38,69,786	1,27,53,30,030
	22,73,87,531	*57,20,70,401*	*75,33,87,777*	*1,55,28,45,709*
Allocated expenses	7,90,05,724	28,94,03,912	20,55,63,373	57,39,73,009
	11,80,92,195	*23,44,15,681*	*25,45,70,264*	*60,70,78,140*
Segmental operating income	6,16,61,434	14,27,73,339	14,97,13,499	35,41,48,272
	1,91,34,227	*(8,27,19,127)*	*(22,19,63,077)*	*(28,55,47,976)*
Unallocable expenses				6,95,22,252
				5,00,09,245
Other income, net				(75,65,240)
				49,51,147
Profit before tax				27,70,60,780
				(33,06,06,074)
Tax expense				(7,45,54,300)
				–
Profit for the period				35,16,15,080
				(33,06,06,074)

2.19 Function-wise classification of Statement of Profit and Loss

in ₹

Particulars	Year ended December 31,	
	2014	2013
Income from software services	2,20,34,51,311	1,87,43,75,873
Software development expenses	1,57,88,05,595	1,92,78,38,807
GROSS PROFIT	62,46,45,716	(5,34,62,934)
Selling and marketing expenses	4,68,64,651	5,92,93,507
General and administration expenses	22,36,32,792	17,27,91,535
	27,04,97,443	23,20,85,042
OPERATING PROFIT BEFORE INTEREST AND DEPRECIATION	35,41,48,273	(28,55,47,976)
Interest expense	1,88,71,441	92,35,378
Depreciation and amortization	5,06,50,811	4,07,73,867
OPERATING PROFIT	28,46,26,021	(33,55,57,221)
Other income	(75,65,240)	49,51,147
PROFIT BEFORE TAX	27,70,60,780	(33,06,06,074)
Tax expense		
Current tax	4,55,26,302	–
Deferred tax	(12,00,80,602)	–
PROFIT FOR THE PERIOD	35,16,15,080	(33,06,06,074)

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

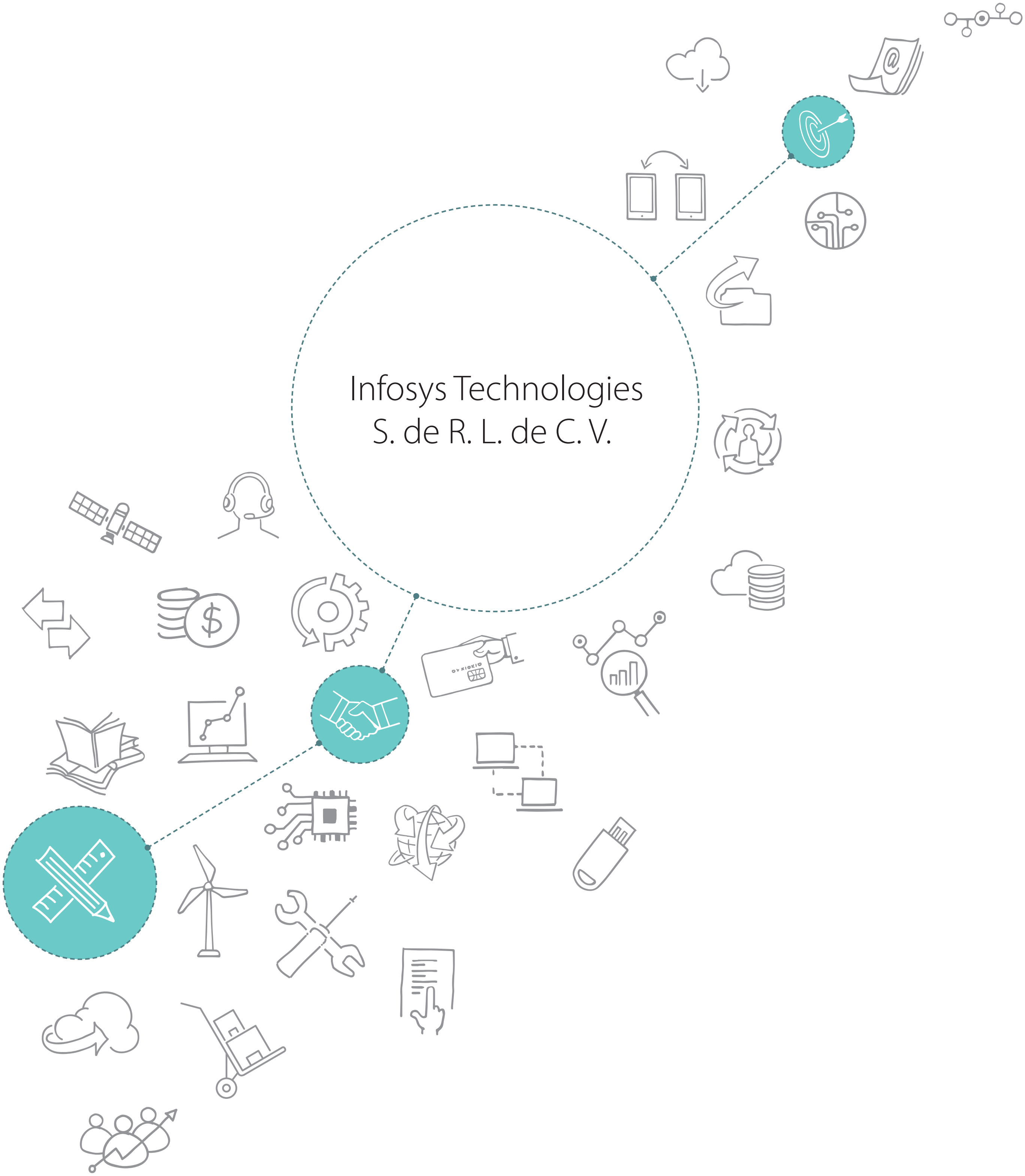
As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Claudio Elsas
Legal Administrator

Bengaluru
January 9, 2015

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



Independent Auditors' Report

To the Members of Infosys Technologies S. de R. L. de C. V.

Report on the standalone Financial Statements

We have audited the accompanying standalone financial statements of Infosys Technologies S. de. R. L. de C.V. ('the Company'), which comprises the Balance sheet as at December 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2014 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, We report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Place: Bengaluru
Date: January 9, 2015

Balance Sheet

in ₹

Particulars	Note	As at December 31,	
		2014	2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	64,60,49,999	64,60,49,999
Reserves and surplus	2.2	21,41,50,732	17,09,53,540
		86,02,00,731	81,70,03,539
NON-CURRENT LIABILITIES			
Other long-term liabilities	2.4	50,57,626	78,76,520
		50,57,626	78,76,520
CURRENT LIABILITIES			
Trade payables	2.5	3,80,09,022	7,28,87,766
Other current liabilities	2.6	17,49,81,291	15,68,22,819
Short-term provisions	2.7	7,75,69,978	2,42,33,093
		29,05,60,291	25,39,43,678
		1,15,58,18,648	1,07,88,23,737
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.8	10,50,32,202	17,56,18,363
Capital work-in-progress		–	(9,837)
		10,50,32,202	17,56,08,526
Deferred tax assets (net)	2.3	8,02,63,864	7,22,85,967
Long-term loans and advances	2.10	1,42,90,410	6,06,55,266
		19,95,86,476	30,85,49,759
CURRENT ASSETS			
Trade receivables	2.11	44,69,81,452	47,38,74,696
Cash and cash equivalents	2.12	37,30,47,514	3,28,55,701
Short-term loans and advances	2.13	13,62,03,206	26,35,43,581
		95,62,32,172	77,02,73,978
		1,15,58,18,648	1,07,88,23,737
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants

Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Ravi Arcot
Legal Representative

Bengaluru
January 9, 2015

Statement of Profit and Loss

in ₹

Particulars	Note	Year ended December 31, 2014	2013
Income from software services and products	2.14	2,20,99,76,854	2,16,52,78,835
Other income	2.15	74,78,212	(1,19,15,840)
Total revenue		2,21,74,55,066	2,15,33,62,995
Expenses			
Employee benefit expenses	2.16	1,49,05,61,265	1,67,17,83,023
Cost of technical sub-contractors	2.16	13,31,92,539	6,53,75,448
Travel expenses	2.16	4,37,19,207	5,88,12,217
Cost of software packages and others	2.16	9,55,856	13,61,995
Communication expenses	2.16	6,92,14,849	6,57,84,735
Professional charges		1,40,01,578	2,37,73,471
Depreciation and amortization expenses	2.8	7,18,15,966	7,04,81,891
Other expenses	2.16	18,66,75,171	15,82,91,217
Total expenses		2,01,01,36,431	2,11,56,63,997
PROFIT BEFORE TAX		20,73,18,635	3,76,98,998
Tax expense:			
Current tax	2.17	9,87,47,501	1,89,96,915
Deferred tax	2.17	(1,74,27,436)	1,09,07,468
PROFIT FOR THE PERIOD		12,59,98,570	77,94,615
Equity shares of par value MXN 1/- each			
Basic and diluted		0.72	0.04
Number of shares used in computing earnings per share			
Basic and diluted		17,50,00,000	17,50,00,000
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants

Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Ravi Arcot
Legal Representative

Bengaluru
January 9, 2015

Cash Flow Statement

in ₹

Particulars	Note	Year ended December 31, 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		20,73,18,635	3,76,98,998
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		7,18,15,966	7,04,81,891
Interest and dividend income		(52)	(13,31,429)
Provision for bad and doubtful debts		21,95,474	(1,28,12,530)
Effect of exchange differences on translation of assets and liabilities		(7,00,27,935)	8,32,54,255
Other non-cash items		(2,17,665)	11,33,973
Changes in assets and liabilities			
Trade receivables		2,46,97,770	1,14,56,433
Loans and advances and other assets		12,83,01,701	(18,94,05,776)
Liabilities and provisions		(1,91,46,955)	7,24,48,293
		34,49,36,939	7,29,24,108
Income taxes paid		92,67,907	(8,21,78,959)
NET CASH GENERATED BY OPERATING ACTIVITIES		35,42,04,846	(92,54,851)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure		(1,40,13,085)	(18,14,53,540)
Interest and dividend received		52	14,29,017
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(1,40,13,033)	(18,00,24,523)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution from parent		–	–
NET CASH USED IN FINANCING ACTIVITIES		–	–
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		34,01,91,813	(18,92,79,374)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		3,28,55,701	22,21,35,075
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		37,30,47,514	3,28,55,701
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants

Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Ravi Arcot
Legal Representative

Bengaluru
January 9, 2015

Significant accounting policies

Company overview

Infosys Technologies S. de R.L. de C.V. (Infosys Mexico) is a wholly-owned subsidiary of Infosys Limited. The Company provides end-to-end business solutions that leverage technology, thereby enabling its clients to enhance their business performance. The Company's operations provide solutions that span the entire software lifecycle encompassing technical consulting, design, development, re-engineering, maintenance, systems integration, package evaluation and implementation, testing and infrastructure management services.

1 Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

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

1.3 Reporting currency

The Company's reporting currency is INR.

1.4 Use of estimates

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

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

1.5 Revenue recognition

Revenue is primarily derived from software development and related services. Arrangements with customers for software development and related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price and fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized based upon the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Cost and earnings in excess of billings are classified as unbilled revenue while billings in excess of cost and earnings are classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount / incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts using a cumulative catch-up approach. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

The Company presents revenues net of value-added taxes in its Statement of Profit and Loss.

Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sale price and carrying value of the investment. Lease rentals are recognized ratably on a straight-line basis over the lease term. Interest is recognized using the time-proportion method, based on rates implicit in the transaction. Dividend income is recognized when the Company's right to receive dividend is established.

1.6 Provisions and contingent liabilities

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

1.7 Post-sales client support and warranties

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

1.8 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

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

1.10 Intangible assets

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

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

1.11 Depreciation and amortization

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

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

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

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end. *(Refer to Note 2.8)*

1.12 Impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13 Retirement benefits to employees

Compensated absences

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

Gratuity

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

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation at each Balance Sheet date using the projected unit credit method. The Company recognizes the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with Accounting Standard (AS) 15, 'Employee Benefits'. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the Statement of Profit and Loss in the period in which they arise.

1.14 Foreign currency transactions

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

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

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.15 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

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

1.16 Earnings per share

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

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

1.17 Cash and cash equivalents

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

1.18 Leases

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

1.19 Government grants

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

1.20 Cash Flow Statement

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

2 Notes on accounts for the year ended December 31, 2014

The previous period's figures disclosed in these financial statements have been regrouped / reclassified wherever necessary.

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2014	2013
Authorized		
17,50,00,000 (17,50,00,000) equity shares of MXN 1/- par value	64,60,49,999	64,60,49,999
Issued, Subscribed and Paid-Up		
17,50,00,000 (17,50,00,000) equity shares of MXN 1/- par value, fully paid	64,60,49,999	64,60,49,999
	64,60,49,999	64,60,49,999
[Of the above, 17,49,99,990 (17,49,99,990) equity shares are held by the holding company, Infosys Limited]	64,60,49,999	64,60,49,999

The details of shareholder holding more than 5% shares as at December 31, 2014 and December 31, 2013 are set out below :

in ₹

Name of the shareholder	As at December 31,			
	2014		2013	
	No. of shares	% held	No. of shares	% held
Infosys Limited	17,49,99,990	100%	17,49,99,990	100%

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2014 and December 31, 2013 is set out below:

in ₹

Particulars	As at December 31,			
	2014		2013	
	Number of shares	Amount	Number of shares	Amount
No of shares at the beginning	17,50,00,000	64,60,49,999	17,50,00,000	64,60,49,999
No of shares at the end	17,50,00,000	64,60,49,999	17,50,00,000	64,60,49,999

2.2 Reserves and surplus

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Foreign currency translation reserve – Opening balance	16,73,34,371	8,81,18,441
Add: Foreign currency translation during the year	(8,28,01,378)	7,92,15,930
Foreign currency translation reserve – Closing balance	8,45,32,993	16,73,34,371
Surplus – Opening balance	36,19,169	(41,75,446)
Add: Net profit after tax transferred from Statement of Profit and Loss	12,59,98,570	77,94,615
Surplus – Closing balance	12,96,17,739	36,19,169
	21,41,50,732	17,09,53,540

2.3 Deferred taxes

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Deferred tax assets		
Fixed assets	1,62,01,252	4,74,20,339
Unavailed leave	1,22,21,120	74,55,328
Others	5,18,41,492	1,74,10,300
	8,02,63,864	7,22,85,967

2.4 Other long-term liabilities

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Others		
Accrued gratuity	50,57,626	78,76,520
	50,57,626	78,76,520

2.5 Trade payables

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Trade payables [(1)]	3,80,09,022	7,28,87,766
	3,80,09,022	7,28,87,766
[(1)] *Includes dues to holding and fellow subsidiaries (Refer to Note 2.20)*	3,27,00,836	–

2.6 Other current liabilities

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Accrued salaries and benefits		
Salaries and benefits	27,39,368	7,91,116
Bonus and incentives	4,13,39,779	1,97,86,971
Other liabilities		
Provision for expenses	2,00,17,147	2,94,28,494
Withholding and other taxes payable	8,83,89,461	8,55,73,470
Advances received from clients	–	12,08,903
Unearned revenue	1,47,71,120	1,87,41,102
Other Payables [(1)]	77,24,416	12,92,763
	17,49,81,291	15,68,22,819
[(1)] *Includes dues to holding company (Refer to Note 2.20)*	5,75,744	4,42,320

2.7 Short-term provisions

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Provision for employee benefits		
Unavailed leave	1,90,06,254	1,86,38,321
Others		
Income taxes (net of advance tax and TDS)	5,76,25,526	44,63,187
Post-sales client support and warranties and other provisions	9,38,198	11,31,585
	7,75,69,978	2,42,33,093

Post-sales client support and warranties and other provisions

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Balance at the beginning	11,31,585	–
Provision recognized (reversal)	(2,17,665)	11,33,973
Provision utilized	–	–
Exchange difference during the period	24,278	(2,388)
Balance at the end	9,38,198	11,31,585

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

2.8 Fixed assets

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

in ₹

Particulars	Tangible assets				
	Plant and equipment	Office equipment	Computer equipment	Furniture and fixtures	Total
Original cost					
As at Jan 1, 2014	6,49,37,227	2,51,18,513	20,17,94,978	20,66,48,364	49,84,99,082
Additions during the period	–	34,20,310	92,06,632	13,76,306	1,40,03,248
Deductions / Retirement during the period	60,27,928	26,09,223	1,93,16,001	1,92,72,307	4,72,25,459
As at December 31, 2014	5,89,09,299	2,59,29,600	19,16,85,609	18,87,52,363	46,52,76,871
Depreciation and amortization					
As at January 1, 2014	2,69,08,588	1,23,63,928	15,53,46,050	12,82,62,153	32,28,80,719
For the period	1,60,68,985	43,33,172	2,32,24,410	2,81,89,399	7,18,15,966
Deductions / Adjustments during the period	34,89,976	14,07,763	1,59,22,867	1,36,31,410	3,44,52,016
As at December 31, 2014	3,94,87,597	1,52,89,337	16,26,47,593	14,28,20,142	36,02,44,669
Net book value					
As at December 31, 2014	1,94,21,702	1,06,40,263	2,90,38,016	4,59,32,221	10,50,32,202

in ₹

Particulars	Tangible assets				
	Plant and equipment	Office equipment	Computer equipment	Furniture and fixtures	Total
Original cost					
As at Jan 1, 2013	2,45,69,052	1,23,81,087	12,22,33,275	12,06,88,003	27,98,71,417
Additions during the period	3,67,36,675	1,10,00,774	6,34,51,989	7,02,73,940	18,14,63,378
Deductions / Retirement during the period	(36,31,500)	(17,36,652)	(1,61,09,714)	(1,56,86,421)	(3,71,64,287)
As at December 31, 2013	6,49,37,227	2,51,18,513	20,17,94,978	20,66,48,364	49,84,99,082
Depreciation and amortization					
As at January 1, 2013	1,18,79,490	81,62,202	11,40,59,522	8,96,00,653	22,37,01,867
For the period	1,33,16,302	31,34,415	2,69,15,196	2,71,15,978	7,04,81,891
Deductions / Adjustments during the period	(17,12,796)	(10,67,311)	(1,43,71,332)	(1,15,45,522)	(2,86,96,961)
As at December 31, 2013	2,69,08,588	1,23,63,928	15,53,46,050	12,82,62,153	32,28,80,719
Net book value					
As at December 31, 2013	3,80,28,639	1,27,54,585	4,64,48,928	7,83,86,211	17,56,18,363

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

The existing and revised useful lives are as below:

Category of assets	Earlier useful life (Years)	Current useful life (Years)
Building	15	22-25
Plant and machinery	5	5
Computer equipment	2-5	3-5
Furniture and fixtures	5	5
Vehicles	5	5

Had the Company continued with the previously assessed useful lives, charge for depreciation for the twelve months ended December 31, 2014 would have been higher by 1,28,14,086 for assets held at April 1, 2014. The revision of the useful lives will result in the following changes in the depreciation expense as compared to the original useful life of the assets.

in ₹

Particulars	Year ended December, 31, 2015	After December, 31, 2015
Increase / (decrease) in depreciation expense	(4,89,050)	133,03,136

2.9 Leases

Obligations on long-term, non-cancellable operating leases

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

in ₹

Particulars	Year ended December 31,	
	2014	2013
Lease rentals recognized during the year	11,95,21,423	11,14,73,257

in ₹

Lease obligations payable	As at December 31,	
	2014	2013
Within one year of the Balance Sheet date	11,93,34,629	5,75,78,938
Due in a period between one year and five years	34,86,72,482	10,50,87,871

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

2.10 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Rental deposits	43,37,209	46,91,776
Electricity and other deposits	27,11,006	29,88,411
Capital Advance	–	3,29,354
Advance income taxes (net of provisions)	72,42,195	5,26,45,725
	1,42,90,410	6,06,55,266

2.11 Trade receivables

in ₹

Particulars	As at December 31,	
	2014	2013
Other debts		
Unsecured		
Considered good [(1)]	45,92,94,895	48,70,53,521
Less: Provision for doubtful debts (others)	1,23,13,443	1,31,78,825
	44,69,81,452	47,38,74,696
[(1)] *Includes dues from holding company and Subsidiaries (Refer to Note 2.20)*	1,43,26,920	1,08,47,182

2.12 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2014	2013
Balances with banks		
In current and deposit accounts	37,30,47,514	3,28,55,701
	37,30,47,514	3,28,55,701

in ₹

Particulars	As at December 31,	
	2014	2013
In current accounts		
Bank of America	27,84,71,994	1,69,62,290
Banamex	42,91,106	7,36,914
Citi Banamex	8,38,14,634	89,51,614
Citi Banamex – U.S. dollar account	64,69,780	62,04,883
	37,30,47,514	3,28,55,701

2.13 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Others		
Prepaid expenses	2,66,71,004	4,21,96,897
For supply of goods and rendering of services	5,22,764	15,88,248
Withholding and other taxes receivable	–	1,00,02,976
Others [(1)]	1,94,75,147	7,60,45,161
	4,66,68,915	12,98,33,282
Unbilled revenues [(2)]	7,58,60,474	12,46,74,255
Loans and advances to employees		
Salary advances	1,31,41,739	90,36,044
Rental deposits	5,32,078	–
	13,62,03,206	26,35,43,581
Unsecured, considered doubtful		
Loans and advances to employees	–	1,03,058
	–	1,03,058
Less: Provision for doubtful loans and advances to employees	–	1,03,058
	13,62,03,206	26,35,43,581
[(1)] *Includes due from holding company and fellow subsidiary (Refer to Note 2.20)*	1,75,43,105	7,48,59,362
[(2)] *Includes due from fellow Subsidiary (Refer to Note 2.20)*	82,67,497	–

2.14 Income from software services and products

in ₹

Particulars	Year ended December 31,	
	2014	2013
Income from software services	2,13,04,88,298	2,04,51,77,534
Income from software products	7,94,88,556	12,01,01,301
	2,20,99,76,854	2,16,52,78,835

2.15 Other income

in ₹

Particulars	Year ended December 31,	
	2014	2013
Interest received on deposits with banks and others	52	13,31,429
Gains / (losses) on foreign currency, net	74,78,160	(1,32,47,269)
	74,78,212	(1,19,15,840)

2.16 Expenses

in ₹

Particulars	Year ended December 31,	
	2014	2013
Employee benefit expenses		
Salaries and bonus	1,48,84,68,759	1,66,97,71,064
Staff welfare	20,92,506	20,11,959
	1,49,05,61,265	1,67,17,83,023
Cost of technical sub-contractors		
Technical sub-contractors – subsidiaries	10,73,96,612	6,59,29,040
Technical sub-contractors – others	2,57,95,927	(5,53,592)
	13,31,92,539	6,53,75,448
Travel expenses		
Traveling and conveyance	4,37,19,207	5,88,12,217
	4,37,19,207	5,88,12,217
Cost of software packages and others		
For own use	9,55,856	13,61,995
	9,55,856	13,61,995
Communication expenses		
Telephone charges	91,92,748	1,60,38,673
Communication expenses	6,00,22,101	4,97,46,062
	6,92,14,849	6,57,84,735
Other expenses		
Office maintenance	3,36,27,953	3,13,11,063
Power and fuel	1,25,42,821	1,32,16,250
Brand building	1,68,820	16,01,420
Rent	11,95,21,423	11,14,73,257
Rates and taxes, excluding taxes on income	74,33,862	(53,818)
Repairs to building	(21,480)	1,40,759
Repairs to plant and machinery	11,42,904	12,49,457
Computer maintenance	58,23,304	46,50,149
Consumables	11,05,213	11,17,561
Insurance charges	8,53,923	7,41,249

Particulars	Year ended December 31,	
	2014	2013
Professional membership and seminar participation fees	2,965	11,095
Provision for post-sales client support and warranties	(2,17,665)	11,33,973
Provision for bad and doubtful debts and advances	21,95,474	(1,28,12,530)
Auditor's remuneration		
Statutory audit fees	16,29,778	14,50,880
Bank charges	1,22,102	5,43,554
Miscellaneous expenses (others)	7,43,774	25,16,898
	18,66,75,171	15,82,91,217

2.17 Tax expense

in ₹

Particulars	Year ended December 31,	
	2014	2013
Current tax		
Income taxes	9,87,47,501	1,89,96,915
Deferred taxes	(1,74,27,436)	1,09,07,468
	8,13,20,065	2,99,04,383

During the year ended December 31, 2014, the Company had reversal (net of provisions) 58,72,360 pertaining to tax relating to prior years.

The revision in the useful life of assets held at April 1, 2014 has resulted in decrease in deferred tax asset by 51,25,634 ended December 31, 2014 *(Refer to Note 2.8)*.

2.18 Quantitative details

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

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

in ₹

Particulars	As at December 31,	
	2014	2013
Commitments		
Estimated amount of unexecuted capital contracts (net of advances and deposits)	77,55,214	2,63,03,472
	77,55,214	2,63,03,472

2.20 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at December 31,	
		2014	2013
Infosys Limited	India	100%	100%

Name of fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Brasil	Brazil
Infosys Public Services, Inc.	U.S.
Infosys Consulting India Limited [(1)]	India
Infosys Americas [(2)]	U.S.
Infosys BPO s.r.o [(3)]	Czech Republic
Infosys BPO (Poland) Sp. z o.o. [(3)]	Poland
Infosys BPO S. de R.L. de C.V. [(3)(11)]	Mexico
Infosys McCamish Systems LLC [(3)]	U.S.
Portland Group Pty. Ltd. [(3)]	Australia
Portland Procurement Services Pty. Ltd. [(7)]	Australia
Infosys Australia [(4)]	Australia
EdgeVerve Systems Limited [(10)]	India
Lodestone Holding AG	Switzerland
Lodestone Management Consultants (Canada) Inc. [(5)(9)]	Canada
Lodestone Management Consultants Inc. [(5)]	U.S.
Lodestone Management Consultants Pty. Limited [(5)]	Australia
Lodestone Management Consultants AG [(5)]	Switzerland
Lodestone Augmentis AG [(8)]	Switzerland
Hafner Bauer & Ödman GmbH [(5)]	Switzerland
Lodestone Management Consultants (Belgium) S.A. [(6)]	Belgium
Lodestone Management Consultants GmbH [(5)]	Germany
Lodestone Management Consultants Pte Ltd. [(5)]	Singapore
Lodestone Management Consultants SAS [(5)]	France
Lodestone Management Consultants s.r.o. [(5)]	Czech Republic
Lodestone Management Consultants GmbH [(5)]	Austria
Lodestone Management Consultants China Co., Ltd. [(5)]	China
Lodestone Management Consultants Ltd. [(5)]	U.K.
Lodestone Management Consultants BV [(5)]	Netherlands
Lodestone Management Consultants Ltda. [(6)]	Brazil
Lodestone Management Consultants sp. z o.o. [(5)]	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA [(5)]	Portugal
SC Lodestone Management Consultants S.R.L. [(5)]	Romania
Lodestone Management Consultants S.R.L. [(5)]	Argentina
Infosys Canada Public Services Ltd. [(12)]	Canada

[(1)] *The Honourable High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and appointed date of January 12, 2012*

[(2)] *Incorporated effective June 25, 2013*

[(3)] *Wholly-owned subsidiaries of Infosys BPO*

[(4)] *Under liquidation*

[(5)] *Wholly-owned subsidiaries of Lodestone Holding AG*

[(6)] *Majority-owned and controlled subsidiaries of Lodestone Holding AG*

[(7)] *Wholly-owned subsidiary of Portland Group Pty. Ltd.; liquidated effective May 14, 2014*

[(8)] *Wholly-owned subsidiary of Lodestone Management Consultant AG*

[(9)] *Liquidated effective December 31, 2013*

[(10)] *Incorporated effective February 14, 2014*

[(11)] *Incorporated effective February 14, 2014*

[(12)] *Incorporated effective December 19, 2014; wholly-owned subsidiary of Infosys Public Services, Inc.*

The details of amounts due to or due from as at December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
Trade receivables		
Infosys Limited	81,35,080	1,08,47,182
Infosys BPO Limited	61,91,840	–
	1,43,26,920	1,08,47,182
Other receivables		
Infosys Limited	1,90,91,065	7,48,59,362
Infosys BPO Limited	(15,47,960)	–
	1,75,43,105	7,48,59,362
Trade payables		
Infosys Limited	3,27,00,836	–
	3,27,00,836	–
Other payables		
Infosys Limited	5,75,744	4,42,320
	5,75,744	4,42,320
Unbilled revenues		
Lodestone Management Consultants AG	82,67,497	–
	82,67,497	–

The details of the related party transactions entered into by the Company for the year ended December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	Year ended December 31,	
	2014	2013
Revenue transactions:		
Purchase of services		
Infosys Limited	10,73,96,612	6,59,29,040
	10,73,96,612	6,59,29,040
Sale of services		
Infosys Limited	10,13,73,547	12,03,14,282
Infosys BPO	62,25,711	–
Lodestone Management Consultants AG	87,82,384	–
	11,63,81,642	12,03,14,282

2.21 Research and development expenditure

in ₹

Particulars	Year ended December 31,	
	2014	2013
R&D expenditure		
Revenue	1,22,927	5,07,151
	1,22,927	5,07,151

2.22 Segment reporting

The Company's operations predominantly relate to providing end-to-end business solutions to enable clients to enhance business performance. Effective quarter ended March 31, 2014, the Company reorganized its business to strengthen its focus on growing existing client relationships and increasing market share through service differentiation and operational agility. Consequent to the internal reorganization there were changes effected in the reportable industry segments based on the management approach as laid down in AS 17–Segment Reporting and an additional segment, Life Sciences and Healthcare was identified. The Chief Executive Officer evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes and geographic segmentation of customers. Accordingly, segment information has been presented both along industry classes and geographic segmentation of customers, industry being the primary segment. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

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

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Allocated expenses of segments include expenses incurred for rendering services from the Company's offshore software development centres and on-site expenses, which are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. Management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as unallocated and adjusted against the total income of the Company.

Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made. Geographical information on revenue and industry revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

Industry Segments

Year ended December 31, 2014 and *December 31, 2013*:

in ₹

Particulars	FSI	MFG	RCL	LSH	ECS	Total
Income from software services and products	83,70,03,485	26,94,76,453	1,00,02,30,466	7,85,03,050	2,47,63,400	2,20,99,76,854
	91,51,57,224	*21,11,77,878*	*93,21,95,587*	*6,44,23,323*	*4,23,24,823*	*2,16,52,78,835*
Identifiable operating expenses	46,50,51,660	16,56,34,332	56,80,86,606	3,42,10,409	1,21,19,535	1,24,51,02,542
	55,55,35,219	*12,71,32,200*	*50,76,83,311*	*3,31,48,595*	*2,12,05,176*	*1,24,47,04,501*
Allocated expenses	26,25,48,368	8,45,28,445	31,37,48,845	2,46,24,566	77,67,699	69,32,17,923
	33,83,22,645	*7,80,69,928*	*34,46,21,523*	*2,38,16,530*	*1,56,46,979*	*80,04,77,605*
Segmental operating income	10,94,03,457	1,93,13,676	11,83,95,015	1,96,68,075	48,76,166	27,16,56,389
	2,12,99,360	*59,75,751*	*7,98,90,752*	*74,58,198*	*54,72,667*	*12,00,96,728*
Unallocable expenses						7,18,15,966
						7,04,81,891
Other income						74,78,212
						(1,19,15,839)
Profit before tax						20,73,18,635
						3,76,98,998
Tax expense						8,13,20,065
						2,99,04,383
Profit for the period						12,59,98,570
						77,94,615

Geographic Segments

Year ended December 31, 2014 and *December 31, 2013*:

in ₹

Particulars	North America	Europe	Rest of the World	Total
Income from software services and products	1,99,82,17,163	12,58,27,895	8,59,31,796	2,20,99,76,854
	2,02,39,35,557	*8,23,84,433*	*5,89,58,845*	*2,16,52,78,835*
Identifiable operating expenses	1,14,89,16,455	5,63,56,628	3,98,29,459	1,24,51,02,542
	1,19,02,62,973	*3,17,79,951*	*2,26,61,577*	*1,24,47,04,501*
Allocated expenses	62,67,93,873	3,94,69,260	2,69,54,790	69,32,17,923
	74,82,24,691	*3,04,56,536*	*2,17,96,378*	*80,04,77,605*
Segmental operating income	22,25,06,834	3,00,02,007	1,91,47,548	27,16,56,389
	8,54,47,892	*2,01,47,945*	*1,45,00,891*	*12,00,96,728*
Unallocable expenses				7,18,15,966
				7,04,81,891
Other income, net				74,78,212
				(1,19,15,839)
Profit before tax				20,73,18,635
				3,76,98,998
Tax expense				8,13,20,065
				2,99,04,383
Profit for the period				12,59,98,570
				77,94,615

2.23 Function-wise classification of Statement of Profit and Loss

in ₹

Statement of Profit and Loss account for the	Year ended December 31,	
	2014	2013
Income from software services and products	2,20,99,76,854	2,16,52,78,835
Software development expenses	1,73,40,39,948	1,80,59,37,940
GROSS PROFIT	47,59,36,906	35,93,40,895
Selling and marketing expenses	3,66,48,938	3,90,70,636
General and administration expenses	16,76,31,579	20,01,73,531
	20,42,80,517	23,92,44,167
OPERATING PROFIT BEFORE DEPRECIATION	27,16,56,389	12,00,96,728
Depreciation and amortization	7,18,15,966	7,04,81,891
OPERATING PROFIT	19,98,40,423	4,96,14,837
Other income	74,78,212	(1,19,15,839)
PROFIT BEFORE TAX	20,73,18,635	3,76,98,998
Tax expense		
Current tax	9,87,47,501	1,89,96,915
Deferred tax	(1,74,27,436)	1,09,07,468
PROFIT FOR THE PERIOD	12,59,98,570	77,94,615

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants

Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Ravi Arcot
Legal Representative

Bengaluru
January 9, 2015

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Infosys Technologies (Shanghai) Company Limited

Independent Auditors' Report

To the Members of Infosys Technologies (Shanghai) Company Limited

Report on the standalone Financial Statements

We have audited the accompanying standalone financial statements of Infosys Technologies (Shanghai) Company Limited ('the Company'), which comprises the Balance sheet as at December 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2014 and its Loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, We report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Place: Bengaluru
Date: January 9, 2015

Balance Sheet

in ₹

Particulars	Note	As at December 31,	
		2014	2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	3,23,74,51,237	2,31,26,46,757
Reserves and surplus	2.2	35,79,64,424	37,98,82,986
		3,59,54,15,661	2,69,25,29,743
NON-CURRENT LIABILITIES			
Other long-term liabilities	2.3	47,21,17,588	47,95,43,126
		47,21,17,588	47,95,43,126
CURRENT LIABILITIES			
Trade payables		24,71,96,014	14,096
Other current liabilities	2.4	99,26,426	2,39,94,343
		25,71,22,440	2,40,08,439
		4,32,46,55,689	3,19,60,81,308
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.5	2,56,65,023	2,24,18,091
Intangible assets	2.5	67,31,91,654	68,82,69,783
		69,88,56,677	71,06,87,874
Long-term loans and advances	2.7	2,95,02,65,350	1,54,45,95,367
		3,64,91,22,027	2,25,52,83,241
CURRENT ASSETS			
Cash and cash equivalents	2.8	61,75,27,189	86,29,56,850
Short-term loans and advances	2.9	5,80,06,473	7,78,41,217
		67,55,33,662	94,07,98,067
		4,32,46,55,689	3,19,60,81,308
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report on even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath	Sanjay Jalona	V. R. Rangarajan
Partner	*Chairman*	*Director*

Membership Number: 202841

Bengaluru
January 9, 2015

Statement of Profit and Loss

in ₹

Particulars	Note	Year ended December 31, 2014	Year ended December 31, 2013
Income from software services		–	–
Other income	2.10	4,05,97,239	8,41,72,533
Total revenue		4,05,97,239	8,41,72,533
Expenses			
Employee benefit expenses	2.11	1,31,129	3,32,83,575
Travel expenses	2.11	96,264	3,04,403
Communication expenses	2.11	7,88,298	95,11,482
Professional charges		(2,89,575)	1,61,61,954
Depreciation and amortization expenses	2.5	2,16,29,108	3,37,25,718
Other expenses	2.11	5,21,34,978	7,69,04,831
Total expenses		7,44,90,202	16,98,91,963
PROFIT BEFORE TAX		(3,38,92,963)	(8,57,19,430)
Tax expense:			
Current tax	2.12	–	–
PROFIT FOR THE PERIOD		(3,38,92,963)	(8,57,19,430)
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report on even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Sanjay Jalona
Chairman

V. R. Rangarajan
Director

Bengaluru
January 9, 2015

Cash Flow Statement

in ₹

Particulars	Note	Year ended December 31, 2014	Year ended December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		(3,38,92,963)	(8,57,19,430)
Adjustments to reconcile Profit Before Tax to cash provided by operating activities			
Depreciation and amortization expense		2,16,29,108	3,37,25,718
Interest and dividend income		(64,75,143)	(1,67,79,359)
Effect of exchange differences on translation of subsidiaries		1,33,15,014	38,22,36,025
Changes in assets and liabilities			
Trade receivables		–	10,28,968
Loans and advances and other assets		1,59,85,809	(4,25,51,550)
Liabilities and provisions		22,53,98,091	19,52,11,880
		23,59,59,916	46,71,52,252
Income taxes paid		–	(3,82,35,237)
NET CASH GENERATED BY OPERATING ACTIVITIES		23,59,59,916	42,89,17,015
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure (including intangible assets)		(141,52,23,507)	(102,29,19,944)
Interest and dividend received		90,29,450	1,42,25,052
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(140,61,94,057)	(100,86,94,892)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution by parent		92,48,04,480	–
NET CASH USED IN FINANCING ACTIVITIES		92,48,04,480	–
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(24,54,29,661)	(57,97,77,877)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		86,29,56,850	144,27,34,727
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		61,75,27,189	86,29,56,850
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report on even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Sanjay Jalona
Chairman

Rangarajan V. R.
Director

Bengaluru
January 9, 2015

Significant accounting policies and notes on accounts

Company overview

Infosys Technologies (Shanghai) Company Limited ('Infosys Shanghai') incorporated on February 21, 2011, is a wholly-owned subsidiary of Infosys Limited. The Company provides end-to-end business solutions that leverage technology, thereby enabling its clients to enhance business performance. Infosys established in presence in China to be an leading provider of IT consulting and Solution to large Corporations in China and leveraging vast engineering talent for global delivery.

1 Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

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

1.3 Reporting currency

The Company's reporting currency is the INR

1.4 Use of estimates

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

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

1.5 Revenue recognition

Revenue is primarily derived from software development and related services. Arrangements with customers for software development and related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts is recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price and fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized based upon the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Cost and earnings in excess of billings are classified as unbilled revenue while billings in excess of cost and earnings is classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

Annual Technical Services revenue and revenue from fixed-price maintenance contracts are recognized ratably over the period in which services are rendered. Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license, except in the case of multiple element contracts, which require significant implementation services, where revenue for the entire arrangement is recognized over the implementation period based upon the percentage-of-completion method. Revenue from client training, support and other services arising due to the sale of software products is recognized as the related services are performed.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount / incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts using a cumulative catch-up approach. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

The Company presents revenues net of value-added taxes in its Statement of Profit and Loss

Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sale price and carrying value of the investment. Lease rentals are recognized ratably on a straight-line basis over the lease term. Interest is recognized using the time-proportion method, based on rates implicit in the transaction. Dividend income is recognized when the Company's right to receive dividend is established.

1.6 Provisions and contingent liabilities

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

1.7 Post-sales client support and warranties

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

1.8 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

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

1.10 Intangible assets

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

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

1.11 Depreciation and amortization

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

Buildings [(1)]	22-25 years
Plant and machinery [(1)]	5 years
Office equipment	5 years
Computer equipment [(1)]	3-5 years
Furniture and fixtures [(1)]	5 years
Vehicles [(1)]	5 years

[(1)] *For these class of assets, based on 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. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.*

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end. *(Refer to Note 2.5)*

1.12 Provision for impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13 Benefits to employees

Compensated absences

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

1.14 Foreign currency transactions

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

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

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.15 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

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

1.16 Cash and cash equivalents

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

1.17 Cash Flow Statement

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

1.18 Leases

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

1.19 Government grants

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

2 Notes on accounts for the year ended December 31, 2014

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

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2014	2013
Authorized		
150,000,000 (150,000,000) USD	7,89,29,61,861	7,89,29,61,861
Issued, Subscribed and Paid-Up		
61,000,000 (46,000,000) USD	3,23,74,51,237	2,31,26,46,757
[Of the above, 61,000,000 (46,000,000) USD are held by the holding company, Infosys Limited]	3,23,74,51,237	2,31,26,46,757

The amount of share capital as at December 31, 2014 and December 31, 2013 is set out below

in ₹

Particulars	As at December 31,	
	2014	2013
At the beginning of the period	2,31,26,46,757	2,31,26,46,757
Add: Share Capital infused	92,48,04,480	-
At the end of the period	3,23,74,51,237	2,31,26,46,757

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2014	2013
Foreign currency translation reserve – Opening balance	64,92,01,537	26,59,52,601
Add: Foreign currency translation during the year	1,19,74,401	38,32,48,936
Foreign currency translation reserve – Closing balance	66,11,75,938	64,92,01,537
Surplus- opening balance	(26,93,18,551)	(18,35,99,121)
Add: Net profit after tax transferred from Statement of Profit and Loss	(3,38,92,963)	(8,57,19,430)
Surplus- Closing balance	(30,32,11,514)	(26,93,18,551)
	35,79,64,424	37,98,82,986

2.3 Other long-term liabilities

in ₹

Particulars	As at December 31,	
	2014	2013
Others		
Deferred income – government grant on land use rights	47,21,17,588	47,95,43,126
	47,21,17,588	47,95,43,126

2.4 Other current liabilities

in ₹

Particulars	As at December 31,	
	2014	2013
Accrued salaries and benefits		
Provision for expenses	26,79,736	1,68,42,529
Retention monies	2,90,372	–
Deferred income – government grant on land use rights ST	69,56,318	69,63,131
Other payables	–	1,88,683
	99,26,426	2,39,94,343

2.5 Fixed assets

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

in ₹

Particulars	Land–leasehold	Plant and equipment	Office equipment	Computer equipment	Furniture and fixtures	Total	Intangible assets		Total
							Land-use rights	Total	
Original cost									
As at Jan 1, 2014	2,76,52,976	1,31,95,910	72,77,354	85,37,006	91,71,636	6,58,34,882	72,09,18,800	72,09,18,800	78,67,53,682
Additions / adjustments during the period	98,27,089	–	8,94,431	4,17,004	–	1,11,38,524	–	–	1,11,38,524
Deductions / retirement during the period	(27,058)	(12,912)	(3,770)	(3,18,737)	(8,974)	(3,71,451)	(7,05,400)	(7,05,400)	(10,76,851)
As at December 31, 2014	3,74,53,007	1,31,82,998	81,68,015	86,35,273	91,62,662	7,66,01,955	72,02,13,400	72,02,13,400	79,68,15,355
Depreciation and amortization									
As at Jan 1, 2014	2,66,80,220	47,77,003	15,44,081	74,13,021	30,02,466	4,34,16,791	3,26,49,017	3,26,49,017	7,60,65,808
For the period	9,55,561	25,59,255	14,15,546	9,50,533	17,78,965	76,59,860	1,39,69,248	1,39,69,248	2,16,29,108
Deductions / adjustments during the period	(9,863)	72,762	41,120	(2,94,633)	50,895	(1,39,719)	4,03,481	4,03,481	2,63,762
As at December 31, 2014	2,76,25,918	74,09,020	30,00,747	80,68,921	48,32,326	5,09,36,932	4,70,21,746	4,70,21,746	9,79,58,678
Net book value									
As at December 31, 2014	98,27,089	57,73,978	51,67,268	5,66,352	43,30,336	2,56,65,023	67,31,91,654	67,31,91,654	69,88,56,677

Following are the changes in the carrying value of fixed assets for the twelve months ended December 31, 2013:

in ₹

Particulars	Land–Leasehold	Plant and equipment	Office equipment	Computer equipment	Furniture and fixtures	Total	Intangible assets		Total
							Land- use rights	Total	
Original cost									
As at Jan 1, 2013	2,37,83,724	1,13,49,515	29,26,324	73,42,493	54,92,013	5,08,94,069	62,00,46,600	62,00,46,600	67,09,40,669
Additions / adjustments during the period	–	–	33,17,604	–	27,07,097	60,24,701	10,08,72,200	10,08,72,200	10,68,96,901
Deductions / retirement during the period	38,69,252	18,46,394	10,33,426	11,94,513	9,72,527	89,16,112	–	–	89,16,112
As at December 31, 2013	2,76,52,976	1,31,95,909	72,77,354	85,37,006	91,71,637	6,58,34,882	72,09,18,800	72,09,18,800	78,67,53,682
Depreciation and amortization									
As at Jan 1, 2013	1,25,01,645	18,38,615	2,42,800	28,90,463	12,83,938	1,87,57,461	1,56,79,428	1,56,79,428	3,44,36,889
For the period	1,29,79,769	28,45,258	13,80,902	43,53,184	16,46,996	2,32,06,109	1,05,19,609	1,05,19,609	3,37,25,718
Deductions / adjustments during the period	11,98,806	93,130	(79,621)	1,69,374	71,532	14,53,221	64,49,980	64,49,980	79,03,201
As at December 31, 2013	2,66,80,220	47,77,003	15,44,081	74,13,021	30,02,466	4,34,16,791	3,26,49,017	3,26,49,017	7,60,65,808
Net book value									
As at December 31, 2013	9,72,756	84,18,906	57,33,273	11,23,985	61,69,171	2,24,18,091	68,82,69,783	68,82,69,783	71,06,87,874

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

The existing and revised useful lives are as below:

Category of assets	Earlier useful life (Years)	Current useful life (Years)
Building	15	22-25
Plant and machinery	5	5
Computer equipment	2-5	3-5
Furniture and fixtures	5	5
Vehicles	5	5

Had the Company continued with the previously assessed useful lives, charge for depreciation for the twelve months ended December 31, 2014 would have been higher by ₹ 1,39,400 for assets held at April 1, 2014. The revision of the useful lives will result in the following changes in the depreciation expense as compared to the original useful life of the assets.

in ₹

Particulars	Year Ended December		After December
	2014	2015	2015
Increase /(decrease) in depreciation expense	(1,39,400)	1,25,701	13,699

2.6 Leases

Obligations on long-term, non-cancellable operating leases

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

in ₹

Particulars	Year ended December 31,	
	2014	2013
Lease rentals recognized during the year	3,85,42,297	5,67,05,057

in ₹

Lease obligations payable	As at December 31,	
	2014	2013
Within one year of the Balance Sheet date	77,67,768	3,52,63,211
Due in a period between one year and five years	1,09,91,392	–
Due after five years	–	–

The operating lease arrangements, are renewable on a periodic basis.

2.7 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Rental deposits	12,94,628	–
Capital advances	2,94,89,70,722	154,45,95,367
	2,95,02,65,350	154,45,95,367

2.8 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2014	2013
Balances with banks		
In current and deposit accounts	61,75,27,189	86,29,56,850
	61,75,27,189	86,29,56,850

The deposits maintained by the Company with banks and financial institutions comprise of time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

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

in ₹

Particulars	As at December 31,	
	2014	2013
In current accounts		
BOC Shanghai – USD	4,15,988	4,23,552
BOC Shanghai – RMB	2,94,863	33,48,642
CITI-RMB – Shanghai	61,65,23,551	31,72,61,332
CITI-USD – Shanghai	2,92,787	2,63,324
In current accounts	61,75,27,189	32,12,96,850

2.9 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Others		
Prepaid expenses	2,92,336	57,55,116
Others	–	1,00,75,203
	2,92,336	1,58,30,319
Withholding and other taxes payable	5,77,14,137	5,41,07,094
Interest accrued but not due	–	25,54,307
Loans and advances to employees		
Salary advances	–	85,144
Rental deposits	–	52,64,353
	5,80,06,473	7,78,41,217
Unsecured, considered doubtful		
Loans and advances to employees	–	2,04,523
	5,80,06,473	7,80,45,740
Less: Provision for doubtful loans and advances to employees	–	2,04,523
	5,80,06,473	7,78,41,217

2.10 Other income

in ₹

Particulars	Year ended December 31,	
	2014	2013
Interest received on deposits with banks and others	64,75,143	1,67,79,359
Miscellaneous income, net	4,07,30,228	6,85,75,699
Gains / (losses) on foreign currency, net	(66,08,132)	(11,82,525)
	4,05,97,239	8,41,72,533

2.11 Expenses

in ₹

Particulars	Year ended December 31,	
	2014	2013
Employee benefit expenses		
Salaries and bonus including overseas staff expenses	–	3,31,05,884
Staff welfare	1,31,129	1,77,691
	1,31,129	3,32,83,575
Travel expenses		
Traveling and conveyance	96,264	3,04,403
	96,264	3,04,403
Communication expenses		
Communication expenses	7,88,298	95,11,482
	7,88,298	95,11,482

Particulars	Year ended December 31,	
	2014	2013
Other expenses		
Office maintenance	71,96,999	1,28,48,529
Power and fuel	3,69,922	14,96,243
Brand building	–	2,60,924
Rent	3,85,42,297	5,67,05,057
Rates and taxes, excluding taxes on income	39,00,776	36,01,995
Repairs to plant and machinery	6,78,721	5,52,397
Computer maintenance	31,961	1,16,230
Insurance charges	–	(41,014)
Auditor's remuneration		
Statutory audit fees	10,37,866	9,87,183
Bank charges and commission	37,902	45,211
Others	3,38,534	3,32,076
	5,21,34,978	7,69,04,831

2.12 Tax expense

in ₹

Particulars	Year ended December 31,	
	2014	2013
Current tax		
Income taxes	–	–
	–	–

2.13 Quantitative details

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

2.14 Contingent liabilities and commitments (To the extent not provided for)

in ₹

Particulars	As at December 31,	
	2014	2013
Commitments :		
Estimated amount of unexecuted capital contracts (net of advances and deposits)	3,52,19,50,085	5,66,16,43,283

2.15 Related party transactions

List of related parties:

Name of holding company	As at December 31,	
	2014	2013
Infosys Limited	100%	100%

Name of fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Mexico	Mexico
Infosys Sweden	Sweden
Infosys Brasil	Brazil
Infosys Public Services, Inc.	U.S.
Infosys Consulting India Limited (1)	India
Infosys Americas (2)	U.S.
Infosys BPO s. r. o (3)	Czech Republic
Infosys BPO (Poland) Sp. z o.o. (3)	Poland
Infosys BPO S.de R. L. de C. V. (3)(11)	Mexico
Infosys McCamish Systems LLC (3)	U.S.
Portland Group Pty. Ltd. (3)	Australia
Portland Procurement Services Pty. Ltd. (7)	Australia
Infosys Australia (4)	Australia
EdgeVerve Systems Limited (10)	India
Lodestone Holding AG	Switzerland
Lodestone Management Consultants (Canada) Inc. (5)(9)	Canada
Lodestone Management Consultants Inc. (5)	U.S.
Lodestone Management Consultants Pty. Limited (5)	Australia
Lodestone Management Consultants AG (5)	Switzerland
Lodestone Augmentis AG (8)	Switzerland
Hafner Bauer & Ödman GmbH (5)	Switzerland
Lodestone Management Consultants (Belgium) S.A. (6)	Belgium
Lodestone Management Consultants GmbH (5)	Germany
Lodestone Management Consultants Pte Ltd. (5)	Singapore
Lodestone Management Consultants SAS (5)	France
Lodestone Management Consultants s.r.o. (5)	Czech Republic
Lodestone Management Consultants GmbH (5)	Austria
Lodestone Management Consultants China Co., Ltd. (5)	China
Lodestone Management Consultants Ltd. (5)	UK
Lodestone Management Consultants BV (5)	Netherlands
Lodestone Management Consultants Ltda. (6)	Brazil
Lodestone Management Consultants sp. z.o.o. (5)	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA (5)	Portugal
SC Lodestone Management Consultants S.R.L. (5)	Romania
Lodestone Management Consultants S.R.L. (5)	Argentina
Infosys Canada Public Services Ltd.(12)	Canada

(1) *The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.*
(2) *Incorporated effective June 25, 2013*
(3) *Wholly-owned subsidiaries of Infosys BPO.*
(4) *Under liquidation*
(5) *Wholly-owned subsidiaries of Lodestone Holding AG*
(6) *Majority-owned and controlled subsidiaries of Lodestone Holding AG*
(7) *Wholly-owned subsidiary of Portland Group Pty. Ltd. Liquidated effective May 14, 2014.*
(8) *Wholly-owned subsidiary of Lodestone Management Consultant AG*
(9) *Liquidated effective December 31, 2013*
(10) *Incorporated effective February 14, 2014*
(11) *Incorporated effective February 14, 2014*
(12) *Incorporated effective December 19, 2014, wholly-owned subsidiary of Infosys Public Services, Inc.*

The details of amounts due to or due from as at December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	Year ended December 31,	
	2014	2013
Capital transactions:		
Financing transactions		
Infosys Limited	92,48,04,480	–

2.16 Segment reporting

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

2.17 Function wise classification of Statement of Profit and Loss

in ₹

Particulars	Year ended December 31,	
	2014	2013
Income from software services and products	–	–
Software development expenses	3,94,96,641	9,25,93,313
GROSS PROFIT	(3,94,96,641)	(9,25,93,313)
Selling and marketing expenses	(8,34,551)	1,57,62,378
General and administration expenses	1,41,99,004	2,78,10,554
	1,33,64,453	4,35,72,932
OPERATING PROFIT BEFORE DEPRECIATION	(5,28,61,094)	(13,61,66,245)
Depreciation and amortization	2,16,29,108	3,37,25,718
OPERATING PROFIT	(7,44,90,202)	(16,98,91,963)
Other income	4,05,97,239	8,41,72,533
PROFIT BEFORE TAX	(3,38,92,963)	(8,57,19,430)
Tax expense		
Current tax	–	–
PROFIT FOR THE PERIOD	(3,38,92,963)	(8,57,19,430)

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

As per our report on even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number:006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Sanjay Jalona
Chairman

V. R. Rangarajan
Director

Bengaluru
January 9, 2015

Infosys Technologies (Sweden) AB

Independent Auditors' Report

To the Members of Infosys Technologies (Sweden) AB

Report on the standalone Financial Statements

We have audited the accompanying standalone financial statements of Infosys Technologies (Sweden) AB ('the Company'), which comprises the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2014 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Place: Bengaluru
Date: January 9, 2015

Balance Sheet

in ₹

Particulars	Note	As at December 31,	
		2014	2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	6,53,000	6,53,000
Reserves and surplus	2.2	1,34,59,786	99,26,033
		1,41,12,786	1,05,79,033
CURRENT LIABILITIES			
Trade payables	2.3	5,58,452	–
Other current liabilities	2.4	4,00,85,120	59,79,187
Short-term provisions	2.5	1,60,57,288	1,04,235
		5,67,00,860	60,83,422
		7,08,13,646	1,66,62,455
ASSETS			
NON-CURRENT ASSETS			
Long-term loans and advances	2.7	32,76,151	36,32,324
		32,76,151	36,32,324
CURRENT ASSETS			
Trade receivables	2.8	4,07,31,826	30,47,359
Cash and cash equivalents	2.9	2,25,83,921	87,57,849
Short-term loans and advances	2.10	42,21,748	12,24,923
		6,75,37,495	1,30,30,131
		7,08,13,646	1,66,62,455
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Rajesh Krishnamurthy
Chairman

Eric Paternoster
Director

Bengaluru
January 9, 2015

Statement of Profit and Loss

in ₹, except per share data

Particulars	Note	Year ended December 31,	
		2014	2013
Income from software services		40,41,22,764	2,93,55,813
Other income	2.11	(2,30,354)	(2,56,674)
Total revenue		40,38,92,410	2,90,99,139
Expenses			
Employee benefit expenses	2.12	35,80,20,306	2,04,89,757
Cost of technical sub-contractors		1,11,54,125	–
Travel expenses	2.12	9,69,322	–
Communication expenses	2.12	21,21,491	31,897
Professional charges		77,50,817	69,45,201
Other expenses	2.12	1,60,16,980	21,49,061
Total expenses		39,60,33,041	2,96,15,916
PROFIT BEFORE TAX		78,59,369	(5,16,777)
Tax expense:			
Current tax	2.13	16,95,327	32,71,764
PROFIT / (LOSS) FOR THE PERIOD		61,64,042	(37,88,541)
EARNINGS PER EQUITY SHARE			
Equity shares of par value SEK 100 / - each			
Basic		6,164	(3,789)
Diluted		6,164	(3,789)
Number of shares used in computing earnings per share	2.17		
Basic		1,000	1,000
Diluted		1,000	1,000
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Rajesh Krishnamurthy
Chairman

Eric Paternoster
Director

Bengaluru
January 9, 2015

Cash Flow Statement

in ₹

Particulars	Note	Year ended December 31, 2014	Year ended December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		78,59,369	(5,16,777)
Adjustments to reconcile profit before tax to cash provided by operating activities			
Interest and dividend income		(7,744)	(1,08,186)
Effect of exchange differences on translation of assets and liabilities		(26,30,289)	15,78,532
Changes in assets and liabilities			
Trade receivables		(3,76,84,467)	5,96,077
Loans and advances and other assets		(29,10,741)	(1,31,144)
Liabilities and provisions		4,91,68,361	(27,65,314)
		1,37,94,489	(13,46,812)
Income taxes paid		23,598	(28,68,070)
NET CASH GENERATED BY OPERATING ACTIVITIES		1,38,18,087	(42,14,882)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividend received		7,985	1,10,407
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		7,985	1,10,407
CASH FLOWS FROM FINANCING ACTIVITIES			
NET CASH USED IN FINANCING ACTIVITIES		–	–
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		1,38,26,072	(41,04,475)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		87,57,849	1,28,62,324
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		2,25,83,921	87,57,849
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Rajesh Krishnamurthy
Chairman

Eric Paternoster
Director

Bengaluru
January 9, 2015

Significant accounting policies

Company overview

During March 2009, the holding company incorporated a wholly-owned subsidiary in Sweden. The Company provides end-to-end business solutions that leverage technology, thereby enabling its clients to enhance business performance. The Company's operations are to provide solutions that span the entire software lifecycle encompassing technical consulting, design, development, re-engineering, maintenance, systems integration, package evaluation and implementation, testing and infrastructure management services.

1 Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

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

1.3 Reporting currency

The Company's reporting currency is INR.

1.4 Use of estimates

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

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

1.5 Revenue recognition

Revenue is primarily derived from software development and related services. Arrangements with customers for software development and related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price and fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized based upon the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Cost and earnings in excess of billings are classified as unbilled revenue while billings in excess of cost and earnings are classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount / incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts using a cumulative catch-up approach. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

The Company presents revenues net of value-added taxes in its Statement of Profit and Loss

Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sale price and carrying value of the investment. Lease rentals are recognized ratably on a straight-line basis over the lease term. Interest is recognized using the time-proportion method, based on rates implicit in the transaction. Dividend income is recognized when the Company's right to receive dividend is established.

1.6 Provisions and contingent liabilities

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

1.7 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.8 Tangible assets and capital work-in-progress

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

1.9 Intangible assets

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

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

1.10 Depreciation and amortization

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

Buildings [(1)]	22-25 years
Plant and machinery [(1)]	5 years
Office equipment	5 years
Computer equipment [(1)]	3-5 years
Furniture and fixtures [(1)]	5 years
Vehicles [(1)]	5 years

[(1)] *For these class of assets, based on 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. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.*

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

1.11 Impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.12 Retirement benefits to employees

Compensated absences

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

1.13 Foreign currency transactions

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

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

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus

1.14 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

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

1.15 Earnings per share

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

1.16 Cash and cash equivalents

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

1.17 Leases

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

1.18 Cash Flow Statement

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

1.19 Government grants

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

2 Notes on accounts for the year ended December 31, 2014

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

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2014	2013
Authorized		
4,000 shares of 100 / - SEK par value	26,12,000	26,12,000
Issued, Subscribed and paid-up		
1,000 (1,000) shares of 100 / - SEK par value, fully paid	6,53,000	6,53,000
[Of the above, 1,000 (1,000) shares are held by the holding company, Infosys Limited]	6,53,000	6,53,000

The details of shareholder holding more than 5% shares as at December 31, 2014 and December 31, 2013 is set out below :

Name of the shareholder	As at December 31,			
	2014		2013	
	No. of shares	% held	No. of shares	% held
Infosys Limited	1,000	100.00	1,000	100.00

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2014 and December 31, 2013 is set out below:

Particulars	As at December 31,			
	2014		2013	
	No. of shares	Amount	No. of shares	Amount
Number of shares outstanding at the beginning of the year	1,000	6,53,000	1,000	6,53,000
Add: Shares issued during the year	–	–	–	–
Number of shares outstanding at the end of the year	1,000	6,53,000	1,000	6,53,000

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2014	2013
Foreign currency translation reserve–Opening balance	44,66,747	28,88,215
Add: Foreign currency translation during the year	(26,30,289)	15,78,532
Foreign currency translation reserve–Closing balance	18,36,458	44,66,747
Surplus–Opening balance	54,59,286	92,47,827
Add: Net profit after tax transferred from Statement of Profit and Loss	61,64,042	(37,88,541)
Surplus–Closing balance	1,16,23,328	54,59,286
	1,34,59,786	99,26,033

2.3 Trade payables

in ₹

Particulars	As at December 31,	
	2014	2013
Trade payables	5,58,452	–

2.4 Other current liabilities

in ₹

Particulars	As at December 31,	
	2014	2013
Accrued salaries and benefits		
Salaries and benefits	2,14,051	–
Bonus and incentives	67,43,738	2,77,737
Other liabilities		
Provision for expenses [(1)]	2,12,66,167	50,40,599
Withholding and other taxes payable	1,18,61,164	6,60,350
Other payables	–	501
	4,00,85,120	59,79,187
[(1)] *Includes dues to fellow subsidiaries (Refer to Note 2.15)*	1,11,60,298	–

2.5 Short-term provisions

in ₹

Particulars	As at December 31,	
	2014	2013
Provision for employee benefits		
Unavailed leave	1,46,08,211	1,04,235
Others		
Provision for		
Income taxes (net of advance tax and TDS)	14,49,077	–
	1,60,57,288	1,04,235

2.6 Leases

Obligations on long-term, non-cancellable operating leases

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

in ₹

Particulars	Year ended December 31,	
	2014	2013
Lease rentals recognized during the year	1,32,52,863	5,35,010

in ₹

Lease obligations payable	As at December 31,	
	2014	2013
Within one year of the Balance Sheet date	1,54,06,801	1,14,347
Due in a period between one year and five years	4,71,87,469	–
Due after five years	–	–

The operating lease arrangements, are renewable on a periodic basis.

2.7 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Rental deposits	–	86,325
Other loans and advances		
Advance income taxes	32,76,151	35,45,999
	32,76,151	36,32,324

2.8 Trade receivables

in ₹

Particulars	As at December 31,	
	2014	2013
Other debts		
Unsecured		
Considered good [1]	4,07,31,826	30,47,359
	4,07,31,826	30,47,359
[1] *Includes dues from holding company (Refer to Note 2.15)*	4,07,31,826	30,47,359

2.9 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2014	2013
Balances with banks		
In current and deposit accounts	2,25,83,921	87,57,849
	2,25,83,921	87,57,849

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

in ₹

Particulars	As at December 31,	
	2014	2013
In current accounts		
Nordbanken, Sweden	2,25,25,586	57,77,187
Svenska Handelsbanken, Sweden	1,340	39,204
BNP Paribus	56,995	52,458
	2,25,83,921	58,68,849
In deposit accounts		
Nordbanken, Sweden	–	28,89,000
	–	28,89,000
Total cash and cash equivalents as per Balance Sheet	2,25,83,921	87,57,849

2.10 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Others		
Advances		
Prepaid expenses	12,95,100	45,967
For supply of goods and rendering of services	5,162	–
Withholding and other taxes receivable	29,21,486	11,78,715
	42,21,748	12,24,682
Interest accrued but not due	–	241
	42,21,748	12,24,923

2.11 Other income

in ₹

Particulars	Year ended December 31,	
	2014	2013
Interest received on deposits with banks and others	7,744	1,08,186
Gains / (losses) on foreign currency, net	(2,38,098)	(3,64,860)
	(2,30,354)	(2,56,674)

2.12 Expenses

in ₹

Particulars	Year ended December 31,	
	2014	2013
Employee benefit expenses		
Salaries and bonus	35,76,79,320	2,04,89,757
Staff welfare	3,40,986	–
	35,80,20,306	2,04,89,757
Travel expenses		
Traveling and conveyance	9,69,322	–
	9,69,322	–
Communication expenses		
Telephone charges	5,77,516	31,897
Communication expenses	15,43,975	–
	21,21,491	31,897

in ₹

Particulars	Year ended December 31,	
	2014	2013
Other expenses		
Office maintenance	8,09,888	9,225
Rent	1,32,52,863	5,35,010
Rates and taxes, excluding taxes on income	1,818	–
Consumables	364	–
Insurance charges	19,616	33,601
Auditor's remuneration		
Statutory audit fees	16,24,245	14,59,185
Bank charges	75,382	75,754
Others	2,32,804	36,286
	1,60,16,980	21,49,061

2.13 Tax expense

in ₹

Particulars	Year ended December 31,	
	2014	2013
Current tax		
Income taxes	16,95,327	32,71,764
	16,95,327	32,71,764

2.14 Quantitative details

The Company is primarily engaged in the development and maintenance of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per revised Schedule VI to the Companies Act, 1956

2.15 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at December 31,	
		2014	2013
Infosys Limited	India	100%	100%

Name of fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Mexico	Mexico
Infosys Shanghai	China
Infosys Brasil	Brazil
Infosys Public Services, Inc.	U.S.
Infosys Consulting India Limited [(1)]	India
Infosys Americas [(2)]	U.S.
Infosys BPO s.r.o [(3)]	Czech Republic
Infosys BPO (Poland) Sp. z o.o. [(3)]	Poland
Infosys BPO S. de R.L. de C.V. [(3)(11)]	Mexico
Infosys McCamish Systems LLC [(3)]	U.S.
Portland Group Pty. Ltd. [(3)]	Australia
Portland Procurement Services Pty. Ltd. [(7)]	Australia
Infosys Australia [(4)]	Australia
EdgeVerve Systems Limited [(10)]	India
Lodestone Holding AG	Switzerland
Lodestone Management Consultants (Canada) Inc. [(5)(9)]	Canada
Lodestone Management Consultants Inc. [(5)]	U.S.
Lodestone Management Consultants Pty. Limited [(5)]	Australia
Lodestone Management Consultants AG [(5)]	Switzerland
Lodestone Augmentis AG [(8)]	Switzerland
Hafner Bauer & Ödman GmbH [(5)]	Switzerland
Lodestone Management Consultants (Belgium) S.A. [(6)]	Belgium
Lodestone Management Consultants GmbH [(5)]	Germany
Lodestone Management Consultants Pte Ltd. [(5)]	Singapore
Lodestone Management Consultants SAS [(5)]	France
Lodestone Management Consultants s.r.o. [(5)]	Czech Republic
Lodestone Management Consultants GmbH [(5)]	Austria
Lodestone Management Consultants China Co., Ltd. [(5)]	China
Lodestone Management Consultants Ltd. [(5)]	U.K.
Lodestone Management Consultants BV [(5)]	Netherlands
Lodestone Management Consultants Ltda. [(6)]	Brazil
Lodestone Management Consultants sp. z o.o. [(5)]	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA [(5)]	Portugal
SC Lodestone Management Consultants S.R.L. [(5)]	Romania
Lodestone Management Consultants S.R.L. [(5)]	Argentina
Infosys Canada Public Services Ltd. [(12)]	Canada

[(1)] *The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.*
[(2)] *Incorporated effective June 25, 2013*
[(3)] *Wholly-owned subsidiaries of Infosys BPO*
[(4)] *Under liquidation*
[(5)] *Wholly-owned subsidiaries of Lodestone Holding AG*
[(6)] *Majority-owned and controlled subsidiaries of Lodestone Holding AG*
[(7)] *Wholly-owned subsidiary of Portland Group Pty. Ltd. Liquidated effective May 14, 2014.*
[(8)] *Wholly-owned subsidiary of Lodestone Management Consultant AG*
[(9)] *Liquidated effective December 31, 2013*
[(10)] *Incorporated effective February 14, 2014*
[(11)] *Incorporated effective February 14, 2014*
[(12)] *Incorporated effective December 19, 2014; wholly-owned subsidiary of Infosys Public Services, Inc.*

The details of amounts due to or due from as at December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
Trade receivables		
Infosys Limited	4,07,31,826	30,47,359
Current liabilities		
Lodestone Management Consultants Ltd.	1,11,60,298	–

The details of the related party transactions entered into by the Company for the year ended December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	Year ended December 31,	
	2014	2013
Revenue transactions:		
Purchase of services		
Lodestone Management Consultants Ltd.	1,11,54,125	–
Sale of services		
Infosys Limited	40,41,22,764	2,93,55,813

2.16 Segment reporting

The Company's operations predominantly relate to providing end-to-end business solutions to enable clients to enhance business performance. Effective quarter ended March 31, 2014, the Company reorganized its business to strengthen its focus on growing existing client relationships and increasing market share through service differentiation and operational agility. Consequent to the internal reorganization, there were changes effected in the reportable industry segments based on the 'management approach' as laid down in AS 17, 'Segment reporting', and an additional segment, Life Sciences and Healthcare, was identified. The Chief Executive Officer evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes and geographic segmentation of customers. Accordingly, segment information has been presented both along industry classes and geographic segmentation of customers, industry being the primary segment. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

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

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Allocated expenses of segments include expenses incurred for rendering services from the Company's offshore software development centers and onsite expenses, which are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. The Management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as 'unallocated' and adjusted against the total income of the Company.

Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made. Geographical information on revenue and industry revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

Industry segments

Year ended December 31, 2014 and December *31, 2013* :

in ₹

Particulars	FSI	MFG	ECS	LSH	RCL	Total
Income from software services and products	39,51,28,415	–	–	89,94,349	–	40,41,22,764
	–	–	–	*2,73,28,066*	*20,27,747*	*2,93,55,813*
Identifiable operating expenses	30,15,52,666	–	1,11,54,125	50,44,737	–	31,77,51,528
	–	–	–	*1,47,92,070*	*15,00,324*	*1,62,92,394*
Allocated expenses	7,65,39,243	–	–	17,42,270	–	7,82,81,513
	–	–	–	*1,24,03,202*	*9,20,320*	*1,33,23,522*
Segmental operating income	1,70,36,506	–	(1,11,54,125)	22,07,342	–	80,89,723
	–	–	–	*1,32,792*	*(3,92,897)*	*(2,60,103)*
Unallocable expenses	–	–	–	–	–	–
						–
Other income						(2,30,354)
						(2,56,674)
Profit before tax						78,59,369
						(5,16,777)
Tax expense						16,95,327
						32,71,764
Profit for the period						61,64,042
						(37,88,541)

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

Particulars	Year ended December 31,	
	2014	2013
Number of shares considered as basic weighted average shares outstanding	1,000	1,000
Add: Effect of dilutive issues of shares / stock options	–	–
Number of shares considered as weighted average shares and potential shares outstanding	1,000	1,000

2.18 Function-wise classification of Statement of Profit and Loss

in ₹

Particulars	Year ended December 31,	
	2014	2013
Income from software services	40,41,22,764	2,93,55,813
Software development expenses	38,47,46,661	1,93,66,767
GROSS PROFIT	1,93,76,103	99,89,046
Selling and marketing expenses	(4)	16,58,000
General and administration expenses	1,12,86,384	85,91,149
	1,12,86,380	1,02,49,149
OPERATING PROFIT BEFORE DEPRECIATION	80,89,723	(2,60,103)
OPERATING PROFIT	80,89,723	(2,60,103)
Other income	(2,30,354)	(2,56,674)
PROFIT BEFORE TAX	78,59,369	(5,16,777)
Tax expense:		
Current tax	16,95,327	32,71,764
PROFIT / (LOSS) FOR THE PERIOD	61,64,042	(37,88,541)

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Rajesh Krishnamurthy
Chairman

Eric Paternoster
Director

Bengaluru
January 9, 2015

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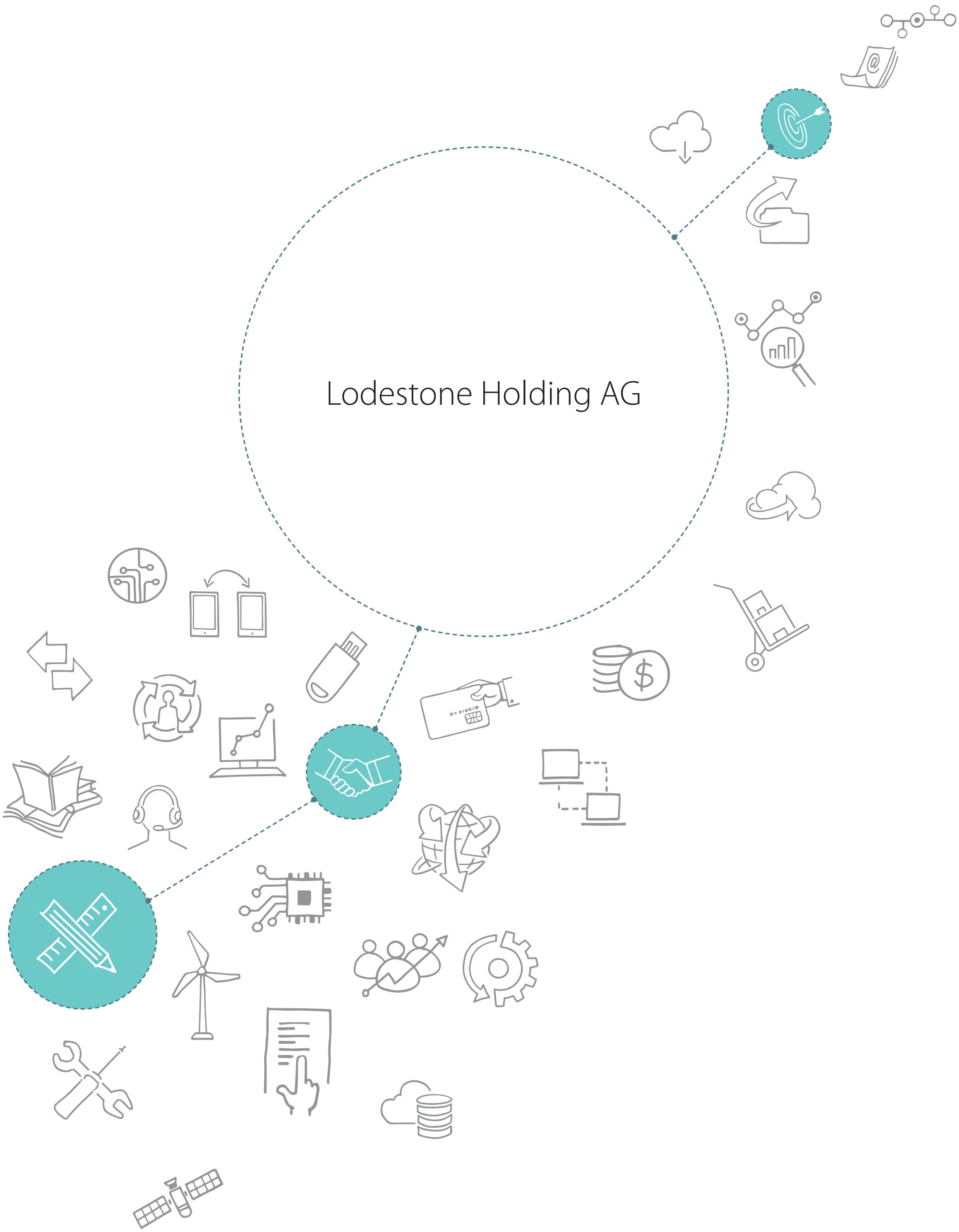
Lodestone Holding AG

Independent Auditors' Report

To the Members of Lodestone Holding AG

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Lodestone Holding AG ('the Company'), which comprises the Balance Sheet as at December 31 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2014 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that :

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Place : Bengaluru
Date : January 9, 2015

Balance Sheet

in ₹

Particulars	Note	As at December 31,	
		2014	2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	1,66,31,47,500	1,66,31,47,500
Reserves and surplus	2.2	1,19,61,81,102	1,16,61,69,383
		2,85,93,28,602	2,82,93,16,883
CURRENT LIABILITIES			
Unsecured loans		36,67,08,044	28,42,82,259
Other current liabilities	2.3	9,55,500	6,85,77,898
Short-term provisions	2.4	14,71,470	6,86,862
		36,91,35,014	35,35,47,019
		3,22,84,63,616	3,18,28,63,902
ASSETS			
NON-CURRENT ASSETS			
Non-current investments	2.5	50,34,00,027	43,93,70,639
Long-term loans and advances	2.6	26,47,057	16,30,334
		50,60,47,084	44,10,00,973
CURRENT ASSETS			
Cash and cash equivalents	2.7	1,72,02,032	23,86,659
Short-term loans and advances	2.8	2,70,52,14,500	2,73,94,76,270
		2,72,24,16,532	2,74,18,62,929
		3,22,84,63,616	3,18,28,63,902
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Ronald Hafner
Chief Executive Officer

U. B. Pravin Rao
Director

Bengaluru
January 9, 2015

Statement of Profit and Loss

in ₹

Particulars	Note	Year ended December 31,	
		2014	2013
Other income	2.9	24,20,77,236	41,49,11,632
Total revenue		24,20,77,236	41,49,11,632
Expenses			
Professional charges		12,44,430	17,73,867
Other expenses	2.10	99,65,988	2,05,67,079
Finance cost		53,23,155	5,82,39,718
Total expenses		1,65,33,573	8,05,80,664
PROFIT BEFORE TAX		22,55,43,663	33,43,30,968
Tax expense			
Current tax	2.11	8,85,363	(42,59,554)
PROFIT FOR THE YEAR		22,46,58,300	33,85,90,522
EARNINGS PER EQUITY SHARE			
Class A Equity shares of par value CHF 1000 / - each			
Basic and diluted		8,545	35,184
Number of Class A shares used in computing earnings per share			
Basic and diluted		23,350	6,683
Class B Equity shares of par value CHF 100 / - each			
Basic and diluted		855	3,518
Number of Class B shares used in computing earnings per share			
Basic and diluted		29,400	29,400
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Ronald Hafner
Chief Executive Officer

U. B. Pravin Rao
Director

Bengaluru
January 9, 2015

Cash Flow Statement

in ₹

Particulars	Note	Year ended December 31, 2014	Year ended December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		22,55,43,663	33,43,30,968
Adjustments to reconcile profit before tax to cash provided by operating activities			
Interest and dividend income		(19,09,37,330)	(53,68,83,521)
Effect of exchange differences on translation of assets and liabilities		(19,46,46,581)	30,00,62,682
Changes in assets and liabilities			
Loans and advances and other assets		16,19,754	(8,18,718)
Liabilities and provisions		(6,76,22,398)	6,81,57,478
		(22,60,42,892)	16,48,48,889
Income taxes paid		(11,17,478)	(2,30,557)
NET CASH GENERATED BY OPERATING ACTIVITIES		(22,71,60,370)	16,46,18,332
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in subsidiaries		(6,40,29,388)	(7,01,26,850)
Interest received from bank and dividend received		8,67,68,571	46,73,19,616
NET CASH PROVIDED BY INVESTING ACTIVITIES		2,27,39,183	39,71,92,766
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan (given to) / repaid by subsidiary		3,26,42,016	(1,00,71,75,292)
Interest on loan given to subsidiary		10,41,68,759	6,95,63,905
Loan received from subsidiary		8,24,25,785	28,42,82,259
NET CASH USED IN FINANCING ACTIVITIES		21,92,36,560	(65,33,29,128)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		1,48,15,373	(9,15,18,030)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		23,86,659	9,39,04,689
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1,72,02,032	23,86,659
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Ronald Hafner
Chief Executive Officer

U. B. Pravin Rao
Director

Bengaluru
January 9, 2015

Significant accounting policies and notes on accounts

Company overview

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

1 Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

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

1.3 Reporting currency

The Company's reporting currency is the INR.

1.4 Use of estimates

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

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

1.5 Revenue recognition

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

An expected project loss is recognized as an expense immediately.

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

1.6 Impairment

The Management periodically assesses using external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.7 Benefits to employees

Compensated absences

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

1.8 Foreign currency transactions

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

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

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.9 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

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

1.10 Cash and cash equivalents

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

1.11 Cash Flow Statement

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

1.12 Earnings per share

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

2 Notes on accounts for the year ended December 31, 2014

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

2.1 Share capital

in ₹

Particulars	As at December 31,	
	2014	2013
Authorized		
23,350 (23,350) of Class A equity shares of CHF 1000 / - par value and 29,400 / - (29,400 / -) of Class B equity shares of CHF 100 / - par value	1,66,31,47,500	1,66,31,47,500
Issued, subscribed and paid-up		
23,350 (23,350) of Class A equity shares of CHF 1000 / - par value and 29,400 / - (29,400 / -) of Class B equity shares of CHF 100 / - par value	1,66,31,47,500	1,66,31,47,500
	1,66,31,47,500	1,66,31,47,500

The details of shareholders holding more than 5% shares as at December 31, 2014 and December 31, 2013 are set out below:

Name of the shareholder	As at December 31,			
	2014		2013	
	No. of shares	% held	No. of shares	% held
Infosys Limited (Class A shares)	23,350	100	23,350	100
Infosys Limited (Class B shares)	29,400	100	29,400	100

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2014 and December 31, 2013 is set out below:

Particulars	As at December 31,			
	2014		2013	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning (Class A)	23,350	1,48,84,90,482	23,350	148,84,90,482
Add: Shares issued on exercise of employee stock options	–	–	–	–
Number of shares at the end (Class A)	23,350	1,48,84,90,482	23,350	1,48,84,90,482

Particulars	As at December 31,			
	2014		2013	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning (Class B)	29,400	17,46,57,018	29,400	17,46,57,018
Add: Shares issued on exercise of employee stock options	–	–	–	–
Number of shares at the end (Class B)	29,400	17,46,57,018	29,400	17,46,57,018

2.2 Reserves and surplus

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Currency Translation Reserve – Opening balance	(5,55,34,382)	(19,75,51,295)
Add: Movement during the year	(19,46,46,581)	14,20,16,913
	(25,01,80,963)	(5,55,34,382)
Legal reserve – Opening balance	6,07,13,270	3,31,16,570
Add: Transferred from Surplus	1,18,99,360	2,75,96,700
	7,26,12,630	6,07,13,270
Surplus – Opening balance	1,16,09,90,495	84,99,96,673
Add: Net profit after tax transferred from Statement of Profit and Loss	22,46,58,300	33,85,90,522
Add: Amount transferred to (from) Reserve for own share	(1,18,99,360)	2,75,96,700
Surplus – Closing balance	1,37,37,49,435	1,16,09,90,495
	1,19,61,81,102	1,16,61,69,383

2.3 Other current liabilities

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Accrued salaries and benefits		
Other liabilities		
Provision for expenses	9,55,500	8,32,560
Other payables [(1)]	–	6,77,45,338
	9,55,500	6,85,77,898
[(1)] Includes dues to holding company and ultimate holding company (Refer to Note 2.13)	–	5,68,77,863

2.4 Short-term provisions

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Provision for income taxes	14,71,470	6,86,862
	14,71,470	6,86,862

2.5 Investments

in ₹, except as otherwise stated

Particulars	As at December 31, 2014	As at December 31, 2013
Non-current investments		
Others (unquoted)		
Investments in equity instruments of subsidiaries		
Lodestone Management Consultants GmbH 1720 (1720) equity shares of EUR 50 / - each, fully paid	1,83,19,383	1,83,19,383
Lodestone Management Consultants Portugal, Unipessoal, Lda.	4,05,11,835	4,05,11,835
Lodestone Management Consultants AG 1200 (1200) equity shares of CHF 100 / - each, fully paid	1,28,85,589	1,28,85,589
Lodestone Management Consultants Sp. z o.o. 10000 (10000) equity shares of PLN 100 / - each, fully paid	2,61,52,019	2,61,52,019
Lodestone Management Consultants Pty. Limited 300 (300) equity shares of AUD 1 / - each, fully paid	5,44,51,700	5,44,51,700
Lodestone Management Consultants Ltd. 1 (1) equity share of GBP 1/- par value, fully paid	117	117
Lodestone Management Consultants (Belgium) S.A. 999 (999) equity shares of EUR 489.32 / - each, fully paid	6,92,37,445	6,92,37,445
SC Lodestone Management Consultants S.R.L. 6,000 (6,000) equity shares of RON 100 / - par value, fully paid	1,85,37,023	1,85,37,023
Lodestone Management Consultants Inc. 100 (100) equity shares of USD 1000 / - par value, fully paid	62,07,500	62,07,500
Lodestone Management Consultants s.r.o. 200000 CZK (200000 CZK)	7,71,362	7,71,362
Lodestone Management Consultants Co., Ltd. 2,930,000 USD (2,260,000 USD)	14,76,56,679	10,77,35,941
Lodestone Management Consultants SAS 8000 (8000) equity shares of EUR 10 / - par value, fully paid	52,73,472	52,73,472
Lodestone Management Consultants GmbH, Austria EUR 80000	45,56,916	45,56,916
Lodestone Management Consultants Ltda. 150,000 (150,000) equity shares of BRL 1 / - par value, fully paid	35,63,409	35,63,409
Lodestone Management Consultants BV	41,41,463	41,41,463
Lodestone Management Consultants S.R.L. 60,600 (28,000) equity shares of ARS 100 / - par value, fully paid	5,20,02,824	2,78,94,174
Hafner Bauer and Ödman GmbH 480 (480) equity shares of CHF 100 / - par value, fully paid	50,90,265	50,90,265
Lodestone Management Consultants Pte Ltd. 100,000 (100,000) equity shares of SGD 1 / - par value, fully paid	3,40,41,026	3,40,41,026
	50,34,00,027	43,93,70,639

2.6 Long-term loans and advances

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Unsecured, considered good		
Other loans and advances		
Advance income taxes	26,47,057	16,30,334
	26,47,057	16,30,334

2.7 Cash and cash equivalents

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Balances with banks		
In current accounts	1,72,02,032	23,86,659
	1,72,02,032	23,86,659

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

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
In current accounts		
UBS AG (CHF)	69,60,805	17,03,084
UBS AG (EURO)	84,60,259	5,67,456
UBS AG (USD)	17,80,968	1,16,119
	1,72,02,032	23,86,659
Total bank balances	1,72,02,032	23,86,659

2.8 Short-term loans and advances

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Unsecured, considered good		
Loans to subsidiary *(Refer to Note 2.13)*	2,70,44,72,791	2,73,71,14,807
Others		
Advances		
Withholding and other taxes receivable	9,557	2,24,117
Others [1]	7,32,152	21,37,346
	2,70,52,14,500	2,73,94,76,270
[1] *Includes dues from fellow subsidiaries (Refer to Note 2.13)*	7,32,152	21,37,346

2.9 Other income

in ₹

Particulars	Year ended December 31, 2014	Year ended December 31, 2013
Interest received on deposits with banks and others	19,571	6,616
Interest on loan given to subsidiary	10,41,68,759	6,95,63,905
Dividend received from subsidiary	8,67,49,000	46,73,13,000
Miscellaneous income, net	–	9,547
Gains / (losses) on foreign currency, net	5,11,39,906	(12,19,81,436)
	24,20,77,236	41,49,11,632

2.10 Expenses

in ₹

Particulars	Year ended December 31, 2014	Year ended December 31, 2013
Other expenses		
Auditor's remuneration		
Statutory audit fees	5,29,894	10,47,847
Bank charges and commission	1,25,461	1,69,684
Others	93,10,633	1,93,49,548
	99,65,988	2,05,67,079

2.11 Tax expense

in ₹

Particulars	Year ended December 31, 2014	Year ended December 31, 2013
Current tax		
Income taxes	8,85,363	(42,59,554)
	8,85,363	(42,59,554)

2.12 Quantitative details

The Company is primarily engaged in the business of consultancy services. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per revised Schedule VI to the Companies Act, 1956.

2.13 Related party transactions

List of related parties:

Name of Holding Company	Country
Infosys Limited	India

Name of subsidiaries	Country	Holding as at December 31, 2014	Holding as at December 31, 2013
Lodestone Management Consultants (Canada) Inc. [6][12]	Canada	–	0%
Lodestone Management Consultants Inc. [6]	U.S.	100%	100%
Lodestone Management Consultants Pty. Limited [6]	Australia	100%	100%
Lodestone Management Consultants (Asia Pacific) Limited [6][7]	Thailand	–	–
Lodestone Management Consultants AG [6]	Switzerland	100%	100%
Lodestone Augmentis AG [11]	Switzerland	100%	100%
Hafner Bauer & Ödman GmbH [6]	Switzerland	100%	100%
Lodestone Management Consultants (Belgium) S.A. [8]	Belgium	99.9%	99.9%
Lodestone Management Consultants GmbH [6]	Germany	100%	100%
Lodestone Management Consultants Pte Ltd. [6]	Singapore	100%	100%
Lodestone Management Consultants SAS [6]	France	100%	100%
Lodestone Management Consultants s.r.o. [6]	Czech Republic	100%	100%
Lodestone Management Consultants GmbH [6]	Austria	100%	100%
Lodestone Management Consultants China Co., Ltd. [6]	China	100%	100%
Lodestone Management Consultants Ltd. [6]	U.K.	100%	100%

Name of subsidiaries	Country	Holding as at December 31,	
		2014	2013
Lodestone Management Consultants BV [(6)]	Netherlands	100%	100%
Lodestone Management Consultants Ltda. [(8)]	Brazil	99.99%	99.99%
Lodestone Management Consultants sp. z o.o. [(6)]	Poland	100%	100%
Lodestone Management Consultants Portugal, Unipessoal, LDA [(6)]	Portugal	100%	100%
SC Lodestone Management Consultants S.R.L. [(6)]	Romania	100%	100%
Lodestone Management Consultants S.R.L. [(6)(10)]	Argentina	100%	1.00

Name of fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Mexico	Mexico
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Brasil	Brazil
Infosys Public Services, Inc.	U.S.
Infosys Consulting India Limited [(1)]	India
Infosys Americas [(2)]	U.S.
Infosys BPO s. r. o [(3)]	Czech Republic
Infosys BPO (Poland) Sp. z o.o [(3)]	Poland
Infosys McCamish Systems LLC (Formerly known as McCamish Systems LLC) [(3)]	U.S.
Portland Group Pty. Ltd. [(3)(4)]	Australia
Portland Procurement Services Pty. Ltd. [(10)]	Australia
Infosys Australia [(5)]	Australia
EdgeVerve Systems Limited [(13)]	India
Infosys Canada Public Services Ltd. [(14)]	Canada

[(1)] *The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.*
[(2)] *Incorporated effective June 25, 2013*
[(3)] *Wholly-owned subsidiaries of Infosys BPO.*
[(4)] *On January 4, 2012, Infosys BPO acquired 100% of the voting interest in Portland Group Pty. Ltd*
[(5)] *Under liquidation*
[(6)] *Wholly-owned subsidiaries of Lodestone Holding AG*
[(7)] *Liquidated effective February 14, 2013*
[(8)] *Majority-owned and controlled subsidiaries of Lodestone Holding AG*
[(9)] *Wholly-owned subsidiary of Portland Group Pty. Ltd.*
[(10)] *Incorporated effective January 10, 2013*
[(11)] *Wholly-owned subsidiary of Lodestone Management Consultants AG*
[(12)] *Liquidated effective December 31, 2013*
[(13)] *Incorporated effective February 14, 2014*
[(14)] *Incorporated effective December 19, 2014, wholly-owned subsidiary of Infosys Public Services, Inc.*

The details of amounts due to or due from as at December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured loans		
Lodestone Management Consultants Ltd.	36,67,08,044	28,42,82,259
Other current liabilities		
Infosys Limited	–	5,68,77,863
Loans and advances to subsidiaries		
Lodestone Management Consultants Inc.	10,39,23,974	28,92,50,820
Lodestone Management Consultants Pty. Limited	19,24,92,423	37,32,86,434
Lodestone Management Consultants AG	52,24,73,291	58,40,19,659
Lodestone Management Consultants (Belgium) S.A.	11,23,52,871	11,29,64,646
Lodestone Management Consultants Pte Ltd.	33,67,15,673	36,10,14,671
Lodestone Management Consultants SAS	7,41,30,610	–
Lodestone Management Consultants GmbH Austria	1,89,97,643	2,03,00,412
Lodestone Management Consultants BV	7,40,85,231	5,85,33,082
Lodestone Management Consultants Ltda.	1,26,93,01,076	1,06,33,50,909
SC Lodestone Management Consultants S.R.L.	–	52,91,246
FX Valuation on above	–	(13,08,97,072)
Other receivables		
Lodestone Management Consultants Inc.	7,32,152	–
Lodestone Management Consultants (Canada) Inc.	–	21,37,346

The details of the related party transactions entered into by the Company for the year ended December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	Year ended December 31,	
	2014	2013
Capital transactions:		
Conversion of loan to equity		
Infosys Limited	–	1,20,47,54,231
Forex impact on conversion	–	15,80,45,769
Revenue transactions:		
Dividend income		
Lodestone Management Consultants AG	8,67,49,000	46,73,13,000
Interest income		
Lodestone Management Consultants Pty. Limited	94,68,614	1,40,80,735
Lodestone Management Consultants Ltda.	6,01,66,423	3,05,62,544
Lodestone Management Consultants Ltd.	–	(1,17,522)
SC Lodestone Management Consultants S.R.L.	60,151	2,39,062
Lodestone Management Consultants Pte Ltd.	78,49,950	56,17,993
Lodestone Management Consultants SAS	14,31,778	–
Lodestone Management Consultants Inc.	32,21,892	55,10,519
Lodestone Management Consultants AG	1,77,11,320	1,07,37,576
Lodestone Management Consultants (Canada) Inc.	–	36,838
Lodestone Management Consultants GmbH Austria	3,95,920	3,29,131
Lodestone Management Consultants (Belgium) S.A.	22,89,828	15,87,852
Lodestone Management Consultants BV	15,72,883	9,79,177
Interest expense		
Infosys Limited	–	5,67,86,378
Lodestone Management Consultants Ltd.	52,91,235	14,46,511

2.14 Segment reporting

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

2.15 Function wise classification of Statement of Profit and Loss

in ₹

Particulars	Year ended December 31,	
	2014	2013
Income from software consultancy services	–	–
General and administration expenses	1,65,33,573	8,05,80,664
OPERATING PROFIT	(1,65,33,573)	(8,05,80,664)
Other income	24,20,77,236	41,49,11,632
PROFIT BEFORE TAX	22,55,43,663	33,43,30,968
Tax expense :		
Current tax	8,85,363	(42,59,554)
PROFIT FOR THE YEAR	22,46,58,300	33,85,90,522

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

Ronald Hafner
Chief Executive Officer

U. B. Pravin Rao
Director

Bengaluru
January 9, 2015

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Hafner Bauer & Ödman GmbH

Independent Auditors' Report

To the Members of Hafner Bauer & Ödman GmbH

Report on the standalone Financial Statements

We have audited the accompanying standalone financial statements of Hafner Bauer & Ödman GmbH ('the Company'), which comprises the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2014 and its loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, We report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Place: Bengaluru
Date: January 9, 2015

Balance Sheet

in ₹

Particulars	Note	As at December 31,	
		2014	2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	22,92,000	22,92,000
Reserves and surplus	2.2	(12,54,252)	(11,00,153)
		10,37,748	11,91,847
CURRENT LIABILITIES			
Short-term provisions		–	23,242
	2.3	–	23,242
		10,37,748	12,15,089
ASSETS			
NON-CURRENT ASSETS			
Long-term loans and advances	2.4	182	139
		182	139
CURRENT ASSETS			
Cash and cash equivalents	2.5	10,36,547	12,13,834
Short-term loans and advances	2.6	1,019	1,116
		10,37,566	12,14,950
		10,37,748	12,15,089
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Ronald Hafner
Partner

Jürgen Bauer
Partner

Bengaluru
January 9, 2015

Statement of Profit and Loss

in ₹

Particulars	Note	Year ended December 31, 2014	Year ended December 31, 2013
Other income		158	356
Total revenue		158	356
Expenses			
Interest expense		411	–
Other expenses	2.7	59,610	57,024
Total expenses		60,021	57,024
PROFIT BEFORE TAX		(59,863)	(56,668)
Tax expense:			
Current tax	2.8	(264)	27,890
Deferred tax	2.8	–	16,157
PROFIT FOR THE YEAR		(59,599)	(1,00,715)
EARNINGS PER EQUITY SHARE			
Equity shares of par value CHF 100 / - each			
Basic		(124)	(210)
Number of shares used in computing earnings per share			
Basic		480	480
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Ronald Hafner
Partner

Jürgen Bauer
Partner

Bengaluru
January 9, 2015

Cash Flow Statement

in ₹

Particulars	Note	Year ended December 31, 2014	Year ended December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		(59,863)	(56,668)
Adjustments to reconcile profit before tax to cash provided by operating activities			
Interest and dividend income		(158)	(356)
Effect of exchange differences on translation of assets and liabilities		(94,500)	1,65,825
Changes in assets and liabilities			
Loans and advances and other assets		97	(1,116)
Liabilities and provisions		–	–
		(1,54,424)	1,07,685
Income taxes paid		(23,021)	(4,253)
NET CASH GENERATED BY OPERATING ACTIVITIES		(1,77,445)	1,03,432
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividend received		158	356
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		158	356
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(1,77,287)	1,03,788
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		12,13,834	11,10,046
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		10,36,547	12,13,834
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Ronald Hafner
Partner

Jürgen Bauer
Partner

Bengaluru
January 9, 2015

Significant accounting policies

Company overview

Hafner Bauer and Ödman GmbH is a wholly-owned subsidiary of Lodestone Holding AG, Kloten (Switzerland). The Company render professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

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

1.3 Reporting currency

The Company's reporting currency is the INR.

1.4 Use of estimates

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

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

An expected project loss is recognized as an expense immediately.

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

1.6 Provisions and contingent liabilities

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

1.7 Provision for impairment

The Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.8 Foreign currency transactions

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

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

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such a translation are included in currency translation reserves under reserves and surplus.

1.9 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations.

Deferred tax assets, in situations where unabsorbed depreciation and carry-forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets, other than in situations of unabsorbed depreciation and carry-forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. Tax benefits of deductions earned on the exercise of employee share options in excess of compensation charged to the Statement of Profit and Loss are credited to the securities premium reserve.

1.10 Cash and cash equivalents

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

1.11 Cash flow statement

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

1.12 Earnings per share

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

2 Notes on accounts for the year ended December 31, 2014

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

2.1 Share capital

in ₹

Particulars	As at December 31,	
	2014	2013
Authorized		
480 (480) equity shares of CHF 100 / - par value	22,92,000	22,92,000
Issued, subscribed and paid-up		
480 (480) equity shares of CHF 100 / - par value	22,92,000	22,92,000
	22,92,000	22,92,000

Name of the shareholder	As at December 31,			
	2014		2013	
	No. of shares	% held	No. of shares	% held
Lodestone Holding AG	480	100	480	100

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2014 and December 31, 2013 is set out below:

in ₹

Particulars	As at December 31,			
	2014		2013	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning	480	22,92,000	480	22,92,000
Add: Shares issued on the exercise of employee stock options	–	–	–	–
Number of shares at the end	480	22,92,000	480	22,92,000

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2014	2013
Currency translation reserve	3,97,570	2,31,745
Add: Movement during the year	(94,500)	1,65,825
Currency translation reserve	3,03,070	3,97,570
Legal reserve - Opening balance	6,685	6,685
Add: Transferred from surplus	–	–
	6,685	6,685
Surplus - Opening Balance	(15,04,408)	(14,03,693)
Add: Net profit after tax transferred from Statement of Profit and Loss	(59,599)	(1,00,715)
Surplus - Closing balance	(15,64,007)	(15,04,408)
	(12,54,252)	(11,00,153)

2.3 Short-term provisions

in ₹

Particulars	As at December 31,	
	2014	2013
Others		
Income taxes	–	23,242
	–	23,242

2.4 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Other loans and advances		
Advance income taxes	182	139
	182	139

2.5 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2014	2013
Balances with banks		
In current accounts	10,36,547	12,13,834
	10,36,547	12,13,834

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

in ₹

Particulars	As at December 31,	
	2014	2013
In current accounts		
UBS AG (CHF)	10,36,547	12,13,834
	10,36,547	12,13,834
Total bank balances	10,36,547	12,13,834

2.6 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Others		
Withholding and other taxes receivable	1,019	1,116
	1,019	1,116

2.7 Expenses

in ₹

Particulars	Year ended December 31,	
	2014	2013
Bank charges	59,610	57,024
	59,610	57,024

2.8 Tax expense

in ₹

Particulars	Year ended December 31,	
	2014	2013
Current tax		
Income taxes	(264)	27,890
Deferred taxes	–	16,157
	(264)	44,047

2.9 Quantitative details

The Company is primarily engaged in the business of consultancy services. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for the preparation of the Statement of Profit and Loss as per the revised Schedule VI to the Companies Act, 1956.

2.10 Related party transactions

List of related parties:

Name of related party	Country	Holding as at December 31,	
		2014	2013
Lodestone Holding AG	Switzerland	100%	100%

Name of ultimate holding company	Country
Infosys Limited	India

Name of fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Mexico	Mexico
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Brasil	Brazil
Infosys Public Services, Inc.	U.S.
Infosys Consulting India Limited [(1)]	India
Infosys Americas [(2)]	U.S.
Infosys BPO s.r.o [(3)]	Czech Republic
Infosys BPO (Poland) Sp. z o.o. [(3)]	Poland
Infosys BPO S. de R.L. de C.V. [(3)(11)]	Mexico
Infosys McCamish Systems LLC [(3)]	U.S.
Portland Group Pty. Ltd. [(3)]	Australia
Portland Procurement Services Pty. Ltd. [(7)]	Australia
Infosys Australia [(4)]	Australia
EdgeVerve Systems Limited [(10)]	India
Lodestone Management Consultants (Canada) Inc. [(5)(9)]	Canada
Lodestone Management Consultants Inc. [(5)]	U.S.
Lodestone Management Consultants Pty. Limited [(5)]	Australia
Lodestone Management Consultants AG [(5)]	Switzerland
Lodestone Augmentis AG [(8)]	Switzerland
SC Lodestone Management Consultants S.R.L. [(5)]	Romania
Lodestone Management Consultants (Belgium) S.A. [(6)]	Belgium
Lodestone Management Consultants GmbH [(5)]	Germany
Lodestone Management Consultants Pte Ltd. [(5)]	Singapore
Lodestone Management Consultants SAS [(5)]	France
Lodestone Management Consultants s.r.o. [(5)]	Czech Republic
Lodestone Management Consultants GmbH [(5)]	Austria
Lodestone Management Consultants China Co., Ltd. [(5)]	China
Lodestone Management Consultants Ltd. [(5)]	U.K.
Lodestone Management Consultants BV [(5)]	Netherlands
Lodestone Management Consultants Ltda. [(6)]	Brazil
Lodestone Management Consultants sp. z o.o. [(5)]	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA [(5)]	Portugal
Lodestone Management Consultants S.R.L. [(5)]	Argentina
Infosys Canada Public Services Ltd. [(12)(13)]	Canada

(1) *The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.*
(2) *Incorporated effective June 25, 2013*
(3) *Wholly-owned subsidiaries of Infosys BPO*
(4) *Under liquidation*
(5) *Wholly-owned subsidiaries of Lodestone Holding AG*
(6) *Majority-owned and controlled subsidiaries of Lodestone Holding AG*
(7) *Wholly-owned subsidiary of Portland Group Pty. Ltd.; liquidated effective May 14, 2014*
(8) *Wholly-owned subsidiary of Lodestone Management Consultant AG*
(9) *Liquidated effective December 31, 2013*
(10) *Incorporated effective February 14, 2014*
(11) *Incorporated effective February 14, 2014*
(12) *Incorporated effective December 19, 2014*
(13) *Wholly-owned subsidiary of Infosys Public Services, Inc.*

2.11 Segment reporting

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

2.12 Function-wise classification of Statement of Profit and Loss

in ₹

Particulars	Year ended December 31,	
	2014	2013
General and administration expenses	60,021	57,024
	60,021	57,024
OPERATING PROFIT BEFORE INTEREST AND DEPRECIATION	(60,021)	(57,024)
OPERATING PROFIT	(60,021)	(57,024)
Other income	158	356
PROFIT BEFORE TAX	(59,863)	(56,668)
Tax expense:		
Current tax	(264)	27,890
Deferred tax	–	16,157
PROFIT FOR THE YEAR	(59,599)	(1,00,715)

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

Ronald Hafner
Partner

Jürgen Bauer
Partner

Bengaluru
January 9, 2015

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Lodestone Augmentis AG

Independent Auditors' Report

To the Members of Lodestone Augmentis AG

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Lodestone Augmentis AG ('the Company'), which comprises the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2014 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that :

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Place : Bengaluru
Date : January 9, 2015

Balance Sheet

in ₹

Particulars	Note	Year ended as at December 31, 2014	2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	47,75,000	47,75,000
Reserves and surplus	2.2	88,86,109	73,13,494
		1,36,61,109	1,20,88,494
CURRENT LIABILITIES			
Trade payables	2.3	5,77,313	97,98,302
Other current liabilities	2.4	60,89,223	32,77,021
Short-term provisions	2.5	18,66,991	21,23,734
		85,33,527	1,51,99,057
		2,21,94,636	2,72,87,551
ASSETS			
NON-CURRENT ASSETS			
Long-term loans and advances	2.7	248	281
		248	281
CURRENT ASSETS			
Trade receivables	2.8	1,01,02,436	2,35,49,455
Cash and cash equivalents	2.9	98,98,008	37,24,900
Short-term loans and advances	2.10	21,93,944	12,915
		2,21,94,388	2,72,87,270
		2,21,94,636	2,72,87,551
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Ronald Hafner
Chief Executive Officer

Bengaluru
January 9, 2015

Statement of Profit and Loss

in ₹, except per share data

Particulars	Note	Year ended December 31, 2014	Year ended December 31, 2013
Income from consultancy services	2.11	3,27,05,610	4,67,18,135
Other income	2.12	10,745	29,479
Total revenue		3,27,16,355	4,67,47,614
Expenses			
Employee benefit expenses	2.13	2,50,81,338	3,84,27,331
Travel expenses	2.13	33,15,868	41,03,065
Communication expenses	2.13	2,71,193	4,23,143
Professional charges		1,14,471	1,61,292
Other expenses	2.13	2,56,503	2,16,472
Total expenses		2,90,39,373	4,33,31,303
PROFIT BEFORE TAX		36,76,982	34,16,311
Tax expense :			
Current tax	2.14	9,23,417	9,08,502
Deferred tax	2.14	–	(1,01,009)
PROFIT FOR THE PERIOD		27,53,565	26,08,818
EARNINGS PER EQUITY SHARE			
Equity shares of par value CHF 100/- each			
Basic		2,754	2,609
Number of shares used in computing earnings per share			
Basic		1,000	1,000
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Ronald Hafner
Chief Executive Officer

Bengaluru
January 9, 2015

Cash Flow Statement

in ₹

Particulars	Note	Year ended December 31, 2014	Year ended December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		36,76,982	34,16,311
Adjustments to reconcile profit before tax to cash provided by operating activities			
Interest and dividend income		(737)	–
Effect of exchange differences on translation of assets and liabilities		(11,80,950)	12,17,196
Changes in assets and liabilities			
Trade receivables		1,34,47,019	(1,79,18,650)
Loans and advances and other assets		(21,81,029)	48,635
Liabilities and provisions		(67,15,528)	1,33,59,053
		70,45,757	1,22,545
Income taxes paid		(8,73,386)	(12,316)
NET CASH GENERATED BY OPERATING ACTIVITIES		61,72,371	1,10,229
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividend received		737	–
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		737	–
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		61,73,108	1,10,229
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		37,24,900	36,14,671
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		98,98,008	37,24,900
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Ronald Hafner
Chief Executive Officer

Bengaluru
January 9, 2015

Significant accounting policies and notes on accounts

Company overview

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

1 Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

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

1.3 Reporting currency

The Company's reporting currency is INR.

1.4 Use of estimates

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

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

1.5 Revenue recognition

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

An expected project loss is recognized as an expense immediately.

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

1.6 Provisions and contingent liabilities

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

1.7 Provision for impairment

The Management periodically assesses using external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.8 Benefits to employees

Compensated absences

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

1.9 Foreign currency transactions

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

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

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.10 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

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

1.11 Cash and cash equivalents

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

1.12 Cash Flow Statement

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

1.13 Leases

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

1.14 Government grants

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 on accounts for the year ended December 31, 2014

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

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2014	2013
Authorized		
1000 (1000) equity shares of CHF 100/- par value	47,75,000	47,75,000
Issued, subscribed and paid-up		
1000 (1000) equity shares of CHF 100/- par value	47,75,000	47,75,000
	47,75,000	47,75,000

The details of shareholders holding more than 5% shares as at December 31, 2014 and December 31, 2013 are set out below:

Name of the shareholder	As at December 31,			
	2014		2013	
	No. of shares	% held	No. of shares	% held
Lodestone Management Consultants AG	1,000	100	1,000	100

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2014 and December 31, 2013 is set out below:

in ₹

Particulars	As at December 31,			
	2014		2013	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning	1,000	47,75,000	1,000	47,75,000
Add: Shares issued on exercise of employee stock options	–	–	–	–
Number of shares at the end	1,000	47,75,000	1,000	57,30,000

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2014	2013
Foreign currency translation reserve - Opening balance	24,60,904	12,43,708
Add: Foreign currency translation during the year	(11,80,950)	12,17,196
Foreign currency translation reserve - Closing balance	12,79,954	24,60,904
Surplus – Opening Balance	48,52,590	22,43,772
Add: Net profit after tax transferred from Statement of Profit and Loss	27,53,565	26,08,818
Surplus – Closing Balance	76,06,155	48,52,590
	88,86,109	73,13,494

2.3 Trade payables

in ₹

Particulars	As at December 31,	
	2014	2013
Trade payables [(1)]	5,77,313	98,37,296
	5,77,313	98,37,296
[(1)] *Includes dues from holding company and fellow subsidiaries*	–	97,98,301

2.4 Other current liabilities

in ₹

Particulars	As at December 31,	
	2014	2013
Accrued salaries and benefits		
Bonus and incentives	9,27,973	22,75,656
Other liabilities		
Provision for expenses	–	36,424
Withholding and other taxes payable	51,61,250	9,64,935
	60,89,223	32,77,015

2.5 Short-term provisions

in ₹

Particulars	As at December 31,	
	2014	2013
Provision for employee benefits		
Unavailed leave	–	3,06,741
Provision for Income taxes (net of advance tax and TDS)	18,66,991	18,16,993
	18,66,991	21,23,734

2.6 Leases

Obligations on long-term, non-cancellable operating leases

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

in ₹

Particulars	Year ended December 31,	
	2014	2013
Lease rentals recognized during the year	1,70,144	1,40,915

2.7 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Other loans and advances		
Advance income taxes (net of provisions)	248	281
	248	281

2.8 Trade receivables

in ₹

Particulars	As at December 31,	
	2014	2013
Other debts		
Unsecured		
Considered good [(1)]	1,01,02,436	2,35,49,455
	1,01,02,436	2,35,49,455
[(1)] *Includes dues to holding company and fellow subsidiaries*	1,01,02,436	2,35,49,455

2.9 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2014	2013
Balances with banks		
In current accounts	98,98,008	37,24,900
	98,98,008	37,24,900

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

in ₹

Particulars	As at December 31,	
	2014	2013
In current accounts		
UBS AG (CHF)	98,98,008	37,24,900
Total cash and cash equivalents as per Balance Sheet	98,98,008	37,24,900

2.10 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Others		
Prepaid expenses	–	12,915
Withholding and other taxes receivable	9,426	–
Others	21,84,518	–
	21,93,944	12,915

2.11 Income from software services and products

in ₹

Particulars	Year ended December 31,	
	2014	2013
Income from consultancy services	3,27,05,610	4,67,18,135
	3,27,05,610	4,67,18,135

2.12 Other income

in ₹

Particulars	Year ended December 31,	
	2014	2013
Interest received on deposits with banks and others	737	–
Miscellaneous income, net	10,924	–
Gains / (losses) on foreign currency, net	(916)	29,479
	10,745	29,479

2.13 Expenses

in ₹

Particulars	Year ended December 31, 2014	Year ended December 31, 2013
Employee benefit expenses		
Salaries and bonus including overseas staff expenses	2,50,81,338	3,84,68,999
Staff welfare	–	(41,668)
	2,50,81,338	3,84,27,331
Travel expenses		
Overseas travel expenses	33,15,868	41,03,065
	33,15,868	41,03,065

in ₹

Particulars	Year ended December 31, 2014	Year ended December 31, 2013
Communication expenses		
Telephone charges	2,71,193	4,23,143
	2,71,193	4,23,143
Other expenses		
Office maintenance	571	–
Rent	1,70,144	1,40,915
Bank charges and commission	63,886	82,938
Others	21,902	(7,381)
	2,56,503	(2,16,472)

2.14 Tax expense

in ₹

Particulars	Year ended December 31, 2014	Year ended December 31, 2013
Current tax		
Income taxes	9,23,417	9,08,502
Deferred taxes	–	(1,01,009)
	9,23,417	8,07,493

2.15 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at December 31, 2014	Holding as at December 31, 2013
Lodestone Holding AG	Switzerland	100%	100%

Name of ultimate holding company	Country
Infosys Limited	India

Name of fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Mexico	Mexico
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Brasil	Brazil
Infosys Public Services, Inc.	U.S.
Infosys Consulting India Limited [(1)]	India
Infosys Americas [(2)]	U.S.
Infosys BPO s. r. o [(3)]	Czech Republic
Infosys BPO (Poland) Sp. z o.o. [(3)]	Poland
Infosys BPO S. de R. L. de C. V. [(3)(11)]	Mexico
Infosys McCamish Systems LLC [(3)]	U.S.
Portland Group Pty. Ltd. [(3)]	Australia
Portland Procurement Services Pty. Ltd. [(7)]	Australia
Infosys Australia [(4)]	Australia
EdgeVerve Systems Limited [(10)]	India
Lodestone Management Consultants (Canada) Inc. [(5)(9)]	Canada
Lodestone Management Consultants Pty. Limited [(5)]	Australia
Lodestone Management Consultants AG [(5)]	Switzerland
Hafner Bauer & Ödman GmbH [(5)]	Switzerland
Lodestone Management Consultants Inc. [(5)]	U.S.
Lodestone Management Consultants (Belgium) S.A. [(6)]	Belgium
Lodestone Management Consultants GmbH [(5)]	Germany
Lodestone Management Consultants Pte Ltd. [(5)]	Singapore
Lodestone Management Consultants SAS [(5)]	France
Lodestone Management Consultants s.r.o. [(5)]	Czech Republic
Lodestone Management Consultants GmbH [(5)]	Austria
Lodestone Management Consultants China Co., Ltd. [(5)]	China
Lodestone Management Consultants Ltd. [(5)]	U.K.
Lodestone Management Consultants BV [(5)]	Netherlands
Lodestone Management Consultants Ltda. [(6)]	Brazil
Lodestone Management Consultants sp. z o.o. [(5)]	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA [(5)]	Portugal
SC Lodestone Management Consultants S.R.L. [(5)]	Romania
Lodestone Management Consultants S.R.L. [(5)]	Argentina
Infosys Canada Public Services Ltd.[(12)]	Canada

(1) The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.
(2) Incorporated effective June 25, 2013
(3) Wholly-owned subsidiaries of Infosys BPO.
(4) Under liquidation
(5) Wholly-owned subsidiaries of Lodestone Holding AG
(6) Majority-owned and controlled subsidiaries of Lodestone Holding AG
(7) Wholly-owned subsidiary of Portland Group Pty. Ltd. Liquidated effective May 14, 2014.
(8) Wholly-owned subsidiary of Lodestone Management Consultant AG
(9) Liquidated effective December 31, 2013
(10) Incorporated effective February 14, 2014
(11) Incorporated effective February 14, 2014
(12) Incorporated effective December 19, 2014, wholly-owned subsidiary of Infosys Public Services, Inc.

The details of amounts due to or due from as at December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Trade receivables		
Lodestone Management Consultants AG	1,01,00,952	2,35,10,461
Lodestone Management Consultants Sp. z o.o.	1,484	38,994
Trade payables		
Lodestone Management Consultants AG	–	97,98,301

The details of the related party transactions entered into by the Company for the year ended December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	Year ended December 31, 2014	Year ended December 31, 2013
Capital transactions		
Revenue transactions		
Purchase of services		
Lodestone Management Consultants Sp. z o.o.	35,158	50,786
Sale of services		
Lodestone Management Consultants AG	3,27,05,610	4,67,18,135

2.16 Segment reporting

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

2.17 Function wise classification of Statement of Profit and Loss

in ₹

Particulars	Year ended December 31,	
	2014	2013
Income from consultancy services	3,27,05,610	4,67,18,135
Software development expenses	2,69,37,111	4,15,74,482
GROSS PROFIT	57,68,499	51,43,653
Selling and marketing expenses	14,44,846	9,565
General and administration expenses	6,57,416	17,42,612
	21,02,262	17,52,177
OPERATING PROFIT BEFORE DEPRECIATION	36,66,237	33,91,476
Interest expense	–	4,644
Depreciation and amortization	–	–
OPERATING PROFIT	36,66,237	33,86,832
Other income	10,745	29,479
PROFIT BEFORE TAX	36,76,982	34,16,311
Tax expense:		
Current tax	9,23,417	9,08,502
Deferred tax	–	(1,01,009)
PROFIT FOR THE PERIOD	27,53,565	26,08,818

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Ronald Hafner
Chief Executive Officer

Bengaluru
January 9, 2015


Lodestone Management
Consultants AG

Independent Auditors' Report

To the Members of Lodestone Management Consultants AG

Report on the standalone Financial Statements

We have audited the accompanying standalone financial statements of Lodestone Management Consultants AG ('the Company'), which comprises the Balance sheet as at December 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2014 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, We report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Place: Bengaluru
Date: January 9, 2015

Balance Sheet

in ₹

Particulars	Note	As at December 31, 2014	As at December 31, 2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	57,30,000	57,30,000
Reserves and surplus	2.2	36,55,65,516	19,64,12,109
		37,12,95,516	20,21,42,109
NON-CURRENT LIABILITIES			
Other long-term liabilities	2.3	–	1,66,72,070
		–	1,66,72,070
CURRENT LIABILITIES			
Short-term borrowings	2.4	53,97,31,792	58,40,19,659
Trade payables	2.5	43,42,15,175	53,00,04,530
Other current liabilities	2.6	1,31,67,55,956	85,33,79,962
Short-term provisions	2.7	39,39,25,561	10,24,98,278
		2,68,46,28,484	2,06,99,02,429
		3,05,59,24,000	2,28,87,16,608
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.8	15,64,42,608	20,81,72,319
Intangible assets		–	3,83,828
		15,64,42,608	20,85,56,147
Non-current investments	2.10	58,05,145	58,05,145
Long-term loans and advances	2.11	10,26,72,312	63,83,238
		26,49,20,065	22,07,44,530
CURRENT ASSETS			
Trade receivables	2.12	1,71,02,79,529	1,61,13,34,342
Cash and cash equivalents	2.13	33,20,93,769	7,67,74,400
Short-term loans and advances	2.14	74,86,30,637	37,98,63,336
		2,79,10,03,935	2,06,79,72,078
		3,05,59,24,000	2,28,87,16,608
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Ronald Hafner
Director

Jürgen Bauer
Director

Bengaluru
January 9, 2015

Statement of Profit and Loss

in ₹

Particulars	Note	Year ended December 31, 2014	Year ended December 31, 2013
Income from consultancy services		8,75,08,76,385	7,46,17,27,751
Other income	2.15	13,31,56,399	19,20,70,600
Total revenue		8,88,40,32,784	7,65,37,98,351
Expenses			
Employee benefit expenses	2.16	3,70,85,09,133	3,20,22,65,139
Cost of technical sub-contractors	2.16	3,63,30,76,445	3,30,87,16,282
Travel expenses	2.16	46,98,12,428	49,29,83,838
Cost of software packages and others	2.16	3,80,25,132	5,40,46,127
Communication expenses	2.16	4,77,46,327	4,68,21,391
Professional charges		10,04,63,057	9,49,34,693
Depreciation and amortization expense	2.8	6,95,22,497	14,23,07,211
Other expenses	2.16	23,61,59,058	19,26,66,375
Interest expense		1,66,25,271	2,33,43,805
Total expenses		8,31,99,39,348	7,55,80,84,861
PROFIT BEFORE TAX		56,40,93,436	9,57,13,490
Tax expense:			
Current tax	2.17	30,50,07,117	5,03,574
PROFIT FOR THE YEAR		25,90,86,319	9,52,09,916
EARNINGS PER EQUITY SHARE			
Equity shares of par value CHF 100 each			
Basic		2,15,905	79,342
Number of shares used in computing earnings per share			
Basic		1,200	1,200
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Ronald Hafner
Director

Jürgen Bauer
Director

Bengaluru
January 9, 2015

Cash Flow Statement

in ₹

Particulars	Note	Year ended December 31, 2014	Year ended December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		56,40,93,436	9,57,13,490
Adjustments to reconcile profit before tax to cash provided by operating activities			
Provision for doubtful debts		52,86,280	(41,95,512)
Depreciation and amortization expense		6,95,22,497	14,23,07,211
Loss on sale of assets		1,15,36,075	70,18,125
Interest on borrowing		1,66,25,271	2,33,43,805
Interest and dividend income		(98,246)	(7,86,221)
Effect of exchange differences on translation of assets and liabilities		1,04,41,335	58,02,748
Changes in assets and liabilities			
Trade receivables		(10,42,31,467)	(29,81,37,447)
Loans and advances and other assets		(45,06,16,193)	21,68,86,528
Liabilities and provisions		35,78,74,691	11,95,25,058
		48,04,33,679	30,74,77,785
Income taxes paid		(3,49,80,138)	(15,01,85,388)
NET CASH GENERATED BY OPERATING ACTIVITIES		44,54,53,541	15,72,92,397
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure		(5,08,97,265)	(10,81,69,148)
Proceeds from sale of assets		83,26,985	1,71,77,979
Investments in subsidiaries		–	(10,30,145)
Interest and dividend received		98,246	7,86,221
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(4,24,72,034)	(9,12,35,093)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest on borrowing		(1,66,25,271)	(2,33,43,805)
Increase / (decrease) in loan from parent		(4,42,87,867)	42,91,08,756
Dividends paid		(8,67,49,000)	(46,73,13,000)
NET CASH USED IN FINANCING ACTIVITIES		(14,76,62,138)	(6,15,48,049)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		25,53,19,369	45,09,255
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		7,67,74,400	7,22,65,145
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		33,20,93,769	7,67,74,400
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number:006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Ronald Hafner
Director

Jürgen Bauer
Director

Bengaluru
January 9, 2015

Significant accounting policies and notes on accounts

Company overview

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

1 Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

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

1.3 Reporting currency

The Company's reporting currency is the INR

1.4 Use of estimates

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

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

1.5 Revenue recognition

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

An expected project loss is recognized as an expense immediately.

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

1.6 Provisions and contingent liabilities

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

1.7 Post-sales client support and warranties

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

1.8 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets

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

1.10 Intangible assets

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

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

1.11 Depreciation and amortization

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

Buildings (1)	22-25 years
Plant and machinery (1)	5 years
Office equipment	5 years
Computer equipment (1)	3-5 years
Furniture and fixtures (1)	5 years
Vehicles (1)	5 years

(1) *For these class of assets, based on 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. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.*

Depreciation and amortization methods, useful lives and residual value are reviewed at each reporting date

1.12 Impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13 Benefits to employees

Compensated absences

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

1.14 Foreign currency transactions

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

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

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.15 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

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

1.16 Cash and cash equivalents

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

1.17 Cash flow statement

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

1.18 Leases

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

1.19 Government grants

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

1.20 Earnings per share

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

2 Notes on accounts for the year ended December 31, 2014

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

2.1 Share capital

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Authorized		
1,200 (1,200) equity shares of CHF 100 / - par value	57,30,000	57,30,000
[Of the above, 1,200 (1,200) equity shares are held by the holding company, Lodestone Holding AG]		
Issued, subscribed and paid-up		
1,200 (1,200) equity shares of CHF 100 / - par value	57,30,000	57,30,000
[Of the above, 1,200 (1,200) equity shares are held by the holding company, Lodestone Holding AG]	57,30,000	57,30,000

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

During the year ended December 31, 2014, the amount of per share dividend recognized as distributions to equity shareholders was CHF 1,083.33. The total dividend appropriation for the year ended December 31, 2014 amounted to ₹ 8,67,49,000.

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

The details of shareholder holding more than 5% shares as at December 31, 2014 and December 31, 2013 is set out below :

Name of the shareholder	As at December 31, 2014		As at December 31, 2013	
Lodestone Holding AG	No. of shares	% held	No. of shares	% held
	1,200	100	1,200	100

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2014 and December 31, 2013 is set out below:

in ₹

Particulars	As at December 31, 2014		As at December 31, 2013	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning	1,200	57,30,000	1,200	57,30,000
Number of shares at the end	1,200	57,30,000	1,200	57,30,000

2.2 Reserves and surplus

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Currency Translation Reserve	13,53,47,481	10,09,05,597
Add: Movement during the year	(31,83,912)	3,44,41,884
Currency Translation Reserve	13,21,63,569	13,53,47,481
Legal reserve - Opening balance	28,65,000	28,65,000
Add: Transfer during the year	–	–
Legal reserve - Closing balance	28,65,000	28,65,000
Add: Transferred from Surplus	–	–
	28,65,000	28,65,000
Surplus- Opening balance	5,81,99,628	43,03,02,712
Add: Net profit after tax transferred from Statement of Profit and Loss	25,90,86,319	9,52,09,916
Amount available for appropriation	31,72,85,947	52,55,12,628
Appropriations:		
Dividend paid to holding company	8,67,49,000	46,73,13,000
Surplus- Closing balance	23,05,36,947	5,81,99,628
	36,55,65,516	19,64,12,109

2.3 Other long-term liabilities

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Others		
Payable to employees	–	1,66,72,070
	–	1,66,72,070

2.4 Short-term borrowings

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Loan from related party-unsecured [1]	53,97,31,792	58,40,19,659
	53,97,31,792	58,40,19,659

[1] *Refer to Note 2.19*

2.5 Trade payables

in ₹

Particulars	As at December 31,	
	2014	2013
Trade payables [1]	43,42,15,175	53,00,04,530
	43,42,15,175	53,00,04,530
[1] *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.19)*	27,65,13,508	45,59,46,945

2.6 Other current liabilities

in ₹

Particulars	As at December 31,	
	2014	2013
Accrued salaries and benefits		
Salaries and benefits	–	–
Bonus and incentives	17,04,23,302	21,79,51,804
Other liabilities		
Provision for expenses [1]	14,65,25,167	16,11,53,055
Withholding and other taxes payable	41,29,94,962	28,37,02,332
Other payables [2]	27,91,05,365	1,54,77,894
Advances received from clients	8,35,05,846	3,62,63,712
Unearned revenue	22,42,01,314	13,88,31,165
	1,31,67,55,956	85,33,79,962
[1] *Includes dues from fellow subsidiaries (Refer to Note 2.19)*	82,67,497	2,79,50,300
[2] *Includes dues from fellow subsidiaries (Refer to Note 2.19)*	25,26,94,799	–

2.7 Short-term provisions

in ₹

Particulars	As at December 31,	
	2014	2013
Provision for employee benefits		
Unavailed leave	9,35,60,987	9,47,00,461
Provision for post-sales client support and warranties	1,58,97,413	77,97,817
Provision for income taxes	28,44,67,161	–
	39,39,25,561	10,24,98,278

Provision for post-sales client support and warranties

in ₹

Particulars	Year ended December 31,	
	2014	2013
Balance at the beginning	77,97,817	–
Provision recognized / (reversed)	96,07,049	76,44,379
Provision utilized	–	–
Exchange difference during the period	(15,07,453)	1,53,438
Balance at the end	1,58,97,413	77,97,817

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

2.8 Fixed assets

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

in ₹, except as otherwise stated

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

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2013:

in ₹, except as otherwise stated

Particulars	Tangible assets						Intangible assets		Total
	Leasehold Improvement	Office equipment	Computer equipment	Furniture and fixtures	Vehicles	Total	Software	Total	
Original cost									
As at January 1, 2013	16,69,34,528	1,88,18,478	3,24,39,792	3,38,28,342	16,18,09,111	41,38,30,251	15,10,93,194	15,10,93,194	56,49,23,445
Additions / adjustments during the period	5,35,466	–	1,06,73,163	12,72,226	9,56,88,293	10,81,69,148	–	–	10,81,69,148
Deductions / retirement during the period	–	–	(67,707)	–	(5,82,10,755)	(5,82,78,462)		–	(5,82,78,462)
Foreign exchange difference	2,59,54,275	29,20,217	60,17,973	53,67,463	2,85,86,587	6,88,46,515	2,34,46,363	2,34,46,363	9,22,92,878
As at December 31, 2013	19,34,24,269	2,17,38,695	4,90,63,221	4,04,68,031	22,78,73,236	53,25,67,452	17,45,39,557	17,45,39,557	70,71,07,009
Depreciation and amortization									
As at January 1, 2013	11,14,48,560	1,55,36,281	2,15,04,294	67,98,379	9,28,58,453	24,81,45,967	7,85,26,300	7,85,26,300	32,66,72,267
For the period	1,75,98,951	31,03,909	1,26,49,108	84,61,243	2,65,23,252	6,83,36,463	7,39,70,748	7,39,70,748	14,23,07,211
Deductions / adjustments during the period	–	–	(67,707)	–	(3,40,14,651)	(3,40,82,358)		–	(3,40,82,358)
Foreign exchange difference	1,89,23,082	28,68,809	48,44,555	18,39,891	1,35,18,724	4,19,95,061	2,16,58,681	2,16,58,681	6,36,53,742
As at December 31, 2013	14,79,70,593	2,15,08,999	3,89,30,250	1,70,99,513	9,88,85,778	32,43,95,133	17,41,55,729	17,41,55,729	49,85,50,862
Net book value									
As at December 31, 2013	4,54,53,676	2,29,696	1,01,32,971	2,33,68,518	12,89,87,458	20,81,72,319	3,83,828	3,83,828	20,85,56,147

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

The existing and revised useful lives are as below:

Category of assets	Earlier useful life (Years)	Current useful life (Years)
Building	15	22-25
Plant and machinery	5	5
Computer equipment	2-5	3-5
Furniture and fixtures	5	5
Vehicles	5	5

Had the Company continued with the previously assessed useful lives, charge for depreciation for the 12 month ended December 31, 2014 would have been higher by ₹ 21,12,106, for assets held at April 1, 2014. The revision of the useful lives will result in the following changes in the depreciation expense as compared to the original useful life of the assets.

in ₹

Particulars	Year ended December 2015	Year ended December 2016	After year ended December 2016
Increase / (decrease) in depreciation expense	1,07,137	17,71,137	2,33,832

2.9 Leases

Obligations on long-term, non-cancellable operating leases

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

in ₹

Particulars	Year ended December 31,	
	2014	2013
Lease rentals recognized during the period	6,31,94,087	5,94,90,143

in ₹

Lease obligations payable	As at December 31,	
	2014	2013
Within one year of the Balance Sheet date	6,22,18,972	6,85,99,489
Due in a period between one year and five years	24,88,75,890	5,14,49,617
Due after five years	5,18,49,144	–

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

2.10 Non-current investments

in ₹

Particulars	As at December 31,	
	2014	2013
Investment in equity instruments of subsidiaries		
Lodestone Augmentis AG	47,75,000	47,75,000
1000 (1000) equity shares of CHF 100 / - each, fully paid		
Lodestone Management Consultants S.R.L	10,30,145	10,30,145
1000 (Nil) equity shares of ARS 100 / - each, fully paid		
	58,05,145	58,05,145

2.11 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Other loans and advances		
Advance income taxes	2,08,23,420	63,83,238
Loans and advances to Employees	8,18,48,892	–
	10,26,72,312	63,83,238

2.12 Trade receivables

in ₹

Particulars	As at December 31,	
	2014	2013
Other debts		
Unsecured		
Considered good [(1)]	1,71,15,21,297	1,61,13,34,342
	1,71,15,21,297	1,61,13,34,342
Less: Provision for doubtful debts	12,41,768	–
	1,71,02,79,529	1,61,13,34,342
	1,71,02,79,529	1,61,13,34,342
[(1)] *Includes dues from fellow subsidiaries (Refer to Note 2.19)*	44,58,38,317	26,93,50,550

2.13 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2014	2013
Cash on hand	71,952	53,270
Balances with banks		
In current accounts	33,20,21,817	7,67,21,130
	33,20,93,769	7,67,74,400

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

in ₹

Particulars	As at December 31,	
	2014	2013
In current accounts		
UBS AG (CHF)	25,20,49,906	7,06,97,047
UBS AG (AUD)	6,33,762	30,018
UBS AG (USD)	3,22,68,999	9,55,046
UBS AG (ZAR)	34,612	(948)
UBS AG (GBP)	63,80,426	1,51,503
UBS AG (HKD)	5,32,987	–
UBS AG (EURO)	4,01,21,125	48,88,464
	33,20,21,817	7,67,21,130
Total bank balances	33,20,21,817	7,67,21,130

2.14 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Others		
Advances		
Prepaid expenses	3,35,00,404	3,18,12,281
Withholding and other taxes receivable	8,75,53,663	25,30,854
Others [(1)]	15,54,50,091	2,96,30,652
	27,65,04,158	6,39,73,787
Unbilled revenues	46,58,60,541	30,73,20,055
Loans and advances to employees		

Particulars	As at December 31,	
	2014	2013
Salary advances	58,74,748	72,24,893
Rental deposits	3,91,190	13,44,601
	74,86,30,637	37,98,63,336
[1] *Includes dues from fellow subsidiaries (Refer to Note 2.19)*	15,74,58,328	2,93,36,563

2.15 Other income

in ₹

Particulars	Year ended December 31,	
	2014	2013
Interest received on deposits with banks and others	98,246	7,86,221
Miscellaneous income, net	19,70,37,636	22,18,45,088
Gains / (losses) on foreign currency, net	(6,39,79,483)	(3,05,60,709)
	13,31,56,399	19,20,70,600

2.16 Expenses

in ₹

Particulars	Year ended December 31,	
	2014	2013
Employee benefit expenses		
Salaries and bonus	3,69,27,00,987	3,15,07,83,700
Staff welfare	1,58,08,146	5,14,81,439
	3,70,85,09,133	3,20,22,65,139
Cost of technical sub-contractors		
Technical sub-contractors - subsidiaries	2,59,77,87,166	2,19,36,01,495
Technical sub-contractors - others	1,03,52,89,279	1,11,51,14,787
	3,63,30,76,445	3,30,87,16,282
Travel expenses		
Traveling and conveyance	46,98,12,428	49,29,83,838
	46,98,12,428	49,29,83,838
Cost of software packages and others		
For own use	3,80,25,132	5,40,46,127
	3,80,25,132	5,40,46,127
Communication expenses		
Telephone charges	4,77,46,327	4,68,21,391
	4,77,46,327	4,68,21,391
Other expenses		
Office maintenance	66,37,180	64,73,699
Power and fuel	12,24,031	8,98,055
Brand building	2,28,32,950	2,62,35,277
Rent	6,31,94,087	5,94,90,143
Rates and taxes, excluding taxes on income	3,62,742	48,63,343
Repairs to plant and machinery	1,85,531	–
Computer maintenance	6,03,42,199	3,98,38,971
Insurance charges	1,31,16,152	96,39,452
Provision for post-sales client support and warranties	96,07,049	76,44,379
Provision for bad and doubtful debts and advances	52,86,280	(41,95,512)
Auditor's remuneration		
Statutory audit fees	23,20,987	21,45,244
Bank charges	11,33,142	12,04,401
Others	4,99,16,728	3,84,28,923
	23,61,59,058	19,26,66,375

2.17 Tax Expense

in ₹

Particulars	Year ended December 31,	
	2014	2013
Current tax		
Income taxes	30,50,07,117	5,03,574
	30,50,07,117	5,03,574

2.18 Quantitative details

The Company is primarily engaged in the business of consultancy services. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per revised Schedule VI to the Companies Act, 1956.

2.19 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at December 31,	
		2014	2013
Lodestone Holding AG	Switzerland	100%	100%

Name of ultimate holding company	Country
Infosys Limited	India

Name of fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Mexico	Mexico
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Brasil	Brazil
Infosys Public Services, Inc.	U.S.
Infosys Consulting India Limited [1]	India
Infosys Americas [2]	U.S.
Infosys BPO s.r.o [3]	Czech Republic
Infosys BPO (Poland) Sp. z o.o. [3]	Poland
Infosys BPO S. de R.L. de C.V. [3][11]	Mexico
Infosys McCamish Systems LLC [3]	U.S.
Portland Group Pty. Ltd [3]	Australia
Portland Procurement Services Pty. Ltd. [7]	Australia
Infosys Australia [4]	Australia
EdgeVerve Systems Limited [10]	India
Lodestone Management Consultants (Canada) Inc. [5][9]	Canada
Lodestone Management Consultants Inc. [5]	U.S.
Lodestone Management Consultants Pty. Limited [5]	Australia
Lodestone Management Consultants GmbH [5]	Austria
Lodestone Augmentis AG [8]	Switzerland
Hafner Bauer & Ödman GmbH [5]	Switzerland
Lodestone Management Consultants (Belgium) S.A. [6]	Belgium
Lodestone Management Consultants GmbH [5]	Germany
Lodestone Management Consultants Pte Ltd. [5]	Singapore
Lodestone Management Consultants SAS [5]	France
Lodestone Management Consultants s.r.o. [5]	Czech Republic
SC Lodestone Management Consultants S.R.L. [6]	Romania
Lodestone Management Consultants China Co., Ltd. [5]	China
Lodestone Management Consultants Ltd. [5]	U.K.
Lodestone Management Consultants BV [5]	Netherlands
Lodestone Management Consultants Ltda. [6]	Brazil
Lodestone Management Consultants sp. z o.o. [5]	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA [5]	Portugal

Name of fellow subsidiaries	Country
Lodestone Management Consultants S.R.L. [5]	Argentina
Infosys Canada Public Services Ltd. [12][13]	Canada

(1) *The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.*

(2) *Incorporated effective June 25, 2013*

(3) *Wholly-owned subsidiaries of Infosys BPO*

(4) *Under liquidation*

(5) *Wholly-owned subsidiaries of Lodestone Holding AG*

(6) *Majority-owned and controlled subsidiaries of Lodestone Holding AG*

(7) *Wholly-owned subsidiary of Portland Group Pty. Ltd.; liquidated effective May 14, 2014*

(8) *Wholly-owned subsidiary of Lodestone Management Consultant AG*

(9) *Liquidated effective December 31, 2013*

(10) *Incorporated effective February 14, 2014*

(11) *Incorporated effective February 14, 2014*

(12) *Incorporated effective December 19, 2014*

(13) *Wholly-owned subsidiary of Infosys Public Services, Inc.*

The details of amounts due to or due from as at December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured loans		
Lodestone Holding AG	53,97,31,792	58,40,19,659
Trade receivables		
Lodestone Management Consultants Inc.	5,77,92,253	98,70,946
Lodestone Management Consultants Pty. Limited	1,25,98,459	1,72,06,934
Lodestone Augmentis AG	–	97,98,419
Lodestone Management Consultants (Belgium) S.A.	4,14,55,127	2,93,51,867
Lodestone Management Consultants GmbH, Germany	8,10,03,706	5,51,44,730
Lodestone Management Consultants SAS	4,98,42,048	3,10,40,464
Lodestone Management Consultants Co., Ltd.	1,53,10,905	13,90,065
Lodestone Management Consultants Ltd.	18,10,77,567	8,91,78,856
Lodestone Management Consultants BV	55,67,890	1,19,91,765
Lodestone Management Consultants Ltda.	–	21,23,174
Lodestone Management Consultants sp. z o.o.	11,90,362	95,27,400
Lodestone Management Consultants Portugal, Unipessoal, LDA	–	26,62,754
SC Lodestone Management Consultants S.R.L.	–	17,473
FX valuation on above	–	45,703
Other receivables		
Lodestone Management Consultants (Belgium) S.A.	2,29,77,000	–
Lodestone Management Consultants Co., Ltd.	1,83,58,277	–
Lodestone Management Consultants GmbH, Germany	2,43,20,665	–
Lodestone Management Consultants SAS	1,68,49,800	–
Lodestone Management Consultants Ltd.	9,00,343	–
Lodestone Management Consultants Inc.	3,34,75,556	–
Lodestone Management Consultants sp. z o.o.	2,65,62,687	–
Infosys Limited	1,40,14,000	–
Unbilled revenues		
Infosys Limited	–	2,93,36,563
Trade payables		
Lodestone Management Consultants S.R.L.	11,48,515	–
Lodestone Management Consultants Co., Ltd.	55,54,757	–
Lodestone Management Consultants (Canada) Inc.	–	1,03,967
Lodestone Management Consultants Inc.	1,47,09,466	3,35,21,375
Lodestone Management Consultants Pty. Limited	42,92,164	12,18,339
Lodestone Augmentis AG	1,01,00,952	2,35,10,461
Lodestone Management Consultants (Belgium) S.A.	1,19,35,236	36,05,099
Lodestone Management Consultants GmbH, Germany	12,18,55,875	7,24,14,379
Lodestone Management Consultants Pte Ltd.	66,20,320	8,11,228
Lodestone Management Consultants SAS	2,13,36,570	27,12,675
Lodestone Management Consultants s.r.o.	3,96,984	8,98,668
Lodestone Management Consultants Ltd.	84,03,822	24,37,18,199
Lodestone Management Consultants Ltda.	1,01,58,303	28,72,339
Lodestone Management Consultants sp. z o.o.	4,39,20,874	4,47,88,429
Lodestone Management Consultants Portugal, Unipessoal, LDA	1,23,41,127	79,73,631
SC Lodestone Management Consultants S.R.L.	37,38,543	1,52,53,060
FX valuation on above	–	25,45,096
Other payables		
Lodestone Management Consultants GmbH, Germany	30,84,913	–
Lodestone Management Consultants Ltd.	24,67,58,100	–
Lodestone Management Consultants Inc.	28,39,119	–
Infosys Limited	12,667	–
Provision for expenses		
Lodestone Management Consultants Ltd.	–	2,79,50,300
Infosys Technologies S. de R.L. de C.V.	82,67,497	–

The details of the related party transactions entered into by the Company for the year ended December 31, 2014 and December 31, 2013 are as follows:

Particulars	Year ended December 31,	
	2014	2013
Capital Transactions		
Loans		
Lodestone Holding AG	(4,42,87,867)	42,91,08,756
Revenue transactions		
Purchase of services		
Lodestone Management Consultants S.R.L.	56,53,827	–

Particulars	Year ended December 31,	
	2014	2013
Lodestone Management Consultants Pty. Limited	1,71,75,326	1,68,52,370
Lodestone Management Consultants (Belgium) S.A.	3,71,30,040	5,72,26,634
Lodestone Augmentis AG	3,27,05,610	4,67,18,135
Lodestone Management Consultants s.r.o.	89,98,263	4,18,50,355
Lodestone Management Consultants GmbH	85,74,77,571	79,37,68,792
Lodestone Management Consultants SAS	13,19,81,312	13,60,19,223
Lodestone Management Consultants Ltd.	46,07,90,648	39,59,83,827
Lodestone Management Consultants Ltda.	9,08,79,882	56,98,742
Lodestone Management Consultants (Canada) Inc.	–	1,46,29,507
Lodestone Management Consultants BV	86,23,514	16,036
Lodestone Management Consultants sp. z o.o.	34,28,37,991	27,93,08,263
Lodestone Management Consultants Portugal, Unipessoal, LDA	17,97,06,263	15,61,73,699
SC Lodestone Management Consultants S.R.L.	7,01,22,307	7,67,95,343
Lodestone Management Consultants Pte Ltd.	2,77,60,022	81,74,538
Lodestone Management Consultants Inc.	31,96,20,866	16,92,90,985
Lodestone Management Consultants GmbH Austria	–	20,03,092
Lodestone Management Consultants Co., Ltd.	60,45,699	–
Infosys Technologies S. de R.L. de C.V.	88,11,045	–

Particulars	Year ended December 31,	
	2014	2013
Dividend paid to holding company		
Lodestone Holding AG	8,67,49,000	46,73,13,000
Interest expense	–	–
Lodestone Holding AG	1,77,11,320	1,07,36,382
Sales of services		
Lodestone Management Consultants (Belgium) S.A.	56,26,267	5,96,14,274
Lodestone Management Consultants GmbH	51,66,69,277	65,56,53,462
Lodestone Management Consultants SAS	4,03,29,974	2,57,18,879
Lodestone Management Consultants Pty. Limited	1,71,51,011	1,71,99,494
Lodestone Management Consultants Ltd.	82,33,04,765	90,60,17,898
Lodestone Management Consultants Ltda.	–	13,07,948
Lodestone Management Consultants BV	69,83,226	1,78,98,988
Lodestone Management Consultants Inc.	10,98,80,108	18,20,17,862
Lodestone Management Consultants sp. z o.o.	93,16,699	91,56,281
Lodestone Management Consultants (Canada) Inc.	–	32,706

2.20 Segment reporting

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

2.21 Function-wise classification of Statement of Profit and Loss

in ₹

Particulars	Year ended December 31,	
	2014	2013
Income from consultancy services	8,75,08,76,385	7,46,17,27,751
Cost of services	6,99,87,88,003	6,61,14,90,158
GROSS PROFIT	1,75,20,88,382	85,02,37,593
Selling and marketing expenses	29,38,99,396	4,92,60,114
General and administration expenses	94,11,04,181	73,16,83,573
	1,23,50,03,577	78,09,43,687
OPERATING PROFIT BEFORE INTEREST AND DEPRECIATION	51,70,84,805	6,92,93,906
Interest	1,66,25,271	2,33,43,805
Depreciation and amortization	6,95,22,497	14,23,07,211
OPERATING PROFIT	43,09,37,037	(9,63,57,110)
Other income	13,31,56,399	19,20,70,600
PROFIT BEFORE TAX	56,40,93,436	9,57,13,490
Tax expense:		
Current tax	30,50,07,117	5,03,574
Deferred tax	–	–
PROFIT FOR THE YEAR	25,90,86,319	9,52,09,916

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Ronald Hafner
Director

Jürgen Bauer
Director

Bengaluru
January 9, 2015

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Lodestone Management
Consultants (Belgium) S.A.

Independent Auditors' Report

To the Members of Lodestone Management Consultants (Belgium) S.A.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Lodestone Management Consultants (Belgium) S.A. ('the Company'), which comprises the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2014 and its loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that :

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Place : Bengaluru
Date : January 9, 2015

Balance Sheet

in ₹

Particulars	Note	As at December 31, 2014	As at December 31, 2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	3,44,75,106	3,44,75,106
Reserves and surplus	2.2	(22,89,45,879)	(5,55,85,115)
		(19,44,70,773)	(2,11,10,009)
CURRENT LIABILITIES			
Short-term borrowings	2.3	11,23,52,871	11,38,98,253
Trade payables	2.5	5,21,96,355	4,32,73,751
Other current liabilities	2.6	21,24,41,201	4,17,71,441
Short-term provisions	2.7	2,26,73,427	2,49,44,810
		39,96,63,854	22,38,88,255
		20,51,93,081	20,27,78,246
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.8	29,07,550	4,96,750
		29,07,550	4,96,750
Deferred tax assets	2.4	–	8,59,93,805
Long-term loans and advances	2.10	1,08,78,298	41,66,198
		1,37,85,848	9,06,56,753
CURRENT ASSETS			
Trade receivables	2.11	10,86,08,078	5,94,87,167
Cash and cash equivalents	2.12	99,19,964	3,22,42,679
Short-term loans and advances	2.13	7,28,79,191	2,03,91,647
		19,14,07,233	11,21,21,493
		20,51,93,081	20,27,78,246
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Wouter van der Meer
Director

Ronald Hafner
Director

Bengaluru
January 9, 2015

Statement of Profit and Loss

in ₹

Particulars	Note	Year ended December 31,	
		2014	2013
Income from consultancy services		47,49,80,258	58,93,73,892
Other income	2.14	(68,65,925)	(47,40,754)
Total revenue		46,81,14,333	58,46,33,138
Expenses			
Employee benefit expenses	2.15	39,44,23,010	38,35,70,440
Cost of technical sub-contractors	2.15	10,65,96,390	20,27,03,173
Travel expenses	2.15	5,08,52,746	6,17,86,723
Communication expenses	2.15	37,47,507	38,38,660
Professional charges		74,90,623	1,45,43,858
Depreciation and amortization expense	2.8	5,48,961	58,31,932
Other expenses	2.15	1,30,25,110	1,27,91,811
Interest expense		23,05,156	39,95,697
Total expenses		57,89,89,503	68,90,62,294
PROFIT BEFORE TAX		(11,08,75,170)	(10,44,29,156)
Tax expense			
Current tax	2.16	–	52,91,239
Deferred tax	2.16	8,44,07,316	(3,35,54,748)
PROFIT FOR THE YEAR		(19,52,82,486)	(7,61,65,647)
EARNINGS PER EQUITY SHARE			
Equity shares of par value EUR 489.32 / - each			
Basic		(1,95,282)	(76,166)
Number of shares used in computing earnings per share			
Basic		1,000	1,000
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership No: 202841

Wouter van der Meer
Director

Ronald Hafner
Director

Bengaluru
January 9, 2015

Cash Flow Statement

in ₹

Particulars	Note	Year ended December 31, 2014	Year ended December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		(11,08,75,170)	(10,44,29,156)
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		5,48,961	58,31,932
Interest and dividend income		(6,981)	(45,260)
Reversal of provision for doubtful debts		(14,40,349)	–
Interest on loan from holding		23,05,156	39,95,697
Effect of exchange differences on translation of assets and liabilities		2,36,94,765	(73,32,216)
Changes in assets and liabilities			
Trade receivables		(4,76,80,562)	59,40,226
Loans and advances and other assets		(5,91,98,423)	21,35,61,831
Liabilities and provisions		17,79,54,146	(20,25,38,723)
		(1,46,98,457)	(8,50,15,669)
Income taxes paid		(6,34,386)	(46,58,074)
NET CASH GENERATED BY OPERATING ACTIVITIES		(1,53,32,843)	(8,96,73,743)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure		(31,46,315)	(3,74,523)
Interest and dividend received		6,981	45,260
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(31,39,334)	(3,29,263)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest on loan from holding		(23,05,156)	(39,95,697)
Increase / (decrease) in loan from parent		(15,45,382)	5,09,44,538
NET CASH USED IN FINANCING ACTIVITIES		(38,50,538)	4,69,48,841
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(2,23,22,715)	(4,30,54,165)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		3,22,42,679	7,52,96,844
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		99,19,964	3,22,42,679
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership No: 202841

Wouter van der Meer
Director

Ronald Hafner
Director

Bengaluru
January 9, 2015

Significant accounting policies and notes on accounts

Company overview

Lodestone Management Consultants (Belgium) S.A. is a majority-owned subsidiary of Lodestone Holding AG, Kloten (Switzerland). The Company renders professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

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

1.3 Reporting currency

The Company's reporting currency is INR.

1.4 Use of estimates

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

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

1.5 Revenue recognition

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

An expected project loss is recognized as an expense immediately.

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

1.6 Provisions and contingent liabilities

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

1.7 Post-sales client support and warranties

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

1.8 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

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

1.10 Intangible assets

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

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

1.11 Depreciation and amortization

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

Buildings (1)	22-25 years
Plant and machinery (1)	5 years
Office equipment	5 years
Computer equipment (1)	3-5 years
Furniture and fixtures (1)	5 years
Vehicles (1)	5 years

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

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end. *(Refer to Note 2.8)*

1.12 Impairment

The Management periodically assesses using external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13 Benefits to employees

Compensated absences

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

1.14 Foreign currency transactions in the books of holding company

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

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

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.15 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

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

1.16 Earnings per share

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

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

1.17 Cash and cash equivalents

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

1.18 Cash Flow Statement

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

1.19 Leases

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

2 Notes on accounts for the year ended December 31, 2014

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

2.1 Share capital

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Authorized		
1000 (1000) equity shares of EUR 489.32 / - par value	3,44,75,106	3,44,75,106
Issued, subscribed and paid-up		
1000 (1000) equity shares of EUR 489.32 / - par value	3,44,75,106	3,44,75,106
(Of the above, 999 equity shares are held by the holding company, Lodestone Holding AG)		
	3,44,75,106	3,44,75,106

The details of shareholders holding more than 5% shares as at December 31, 2014 and December 31, 2013 are set out below:

Name of the shareholder	As at December 31,			
	2014		2013	
	No. of shares	% held	No. of shares	% held
Lodestone Holding AG	999.00	99.90	999	99.90

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2014 and December 31, 2013 is set out below:

Particulars	As at December 31,			
	2014		2013	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning of the period	1,000	3,44,75,106	1,000	3,44,75,106
Add: Shares issued during the period	–	–	–	–
Number of shares at the end of the period	1,000.00	3,44,75,106	1,000.00	3,44,75,106

2.2 Reserves and surplus

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Currency Translation Reserve	9,44,63,791	7,25,42,069
Legal reserve – Opening balance	1,72,355	3,29,207
Add: Transferred from Surplus	–	(1,56,852)
	1,72,355	1,72,355
Surplus – Opening balance	(12,82,99,539)	(5,22,90,744)
Add: Net profit after tax transferred from Statement of Profit and Loss	(19,52,82,486)	(7,61,65,647)
Amount available for appropriation	(32,35,82,025)	(12,84,56,391)
Appropriations:		
Amount transferred to Legal Reserve	–	(1,56,852)
Surplus – Closing balance	(32,35,82,025)	(12,82,99,539)
	(22,89,45,879)	(5,55,85,115)

2.3 Short-term borrowings

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Loan from related party-unsecured (*Refer to Note 2.18*)	11,23,52,871	11,38,98,253
	11,23,52,871	11,38,98,253

2.4 Deferred taxes

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Deferred tax asset		
Accumulated losses	–	8,59,93,805
	–	8,59,93,805

2.5 Trade payables

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Trade payables [1]	5,21,96,355	4,32,73,751
	5,21,96,355	4,32,73,751
[1] *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.18)*	5,21,96,355	3,47,67,834

2.6 Other current liabilities

in ₹

Particulars	As at December 31,	
	2014	2013
Accrued salaries and benefits		
Salaries and benefits	–	–
Bonus and incentives	2,19,18,728	2,92,13,362
Other liabilities		
Provision for expenses	5,94,50,294	1,25,58,079
Withholding and other taxes payable	3,41,12,948	–
Other payables [1]	9,69,59,231	–
	21,24,41,201	4,17,71,441
[1] *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.18)*	9,64,88,286	–

2.7 Short-term provisions

in ₹

Particulars	As at December 31,	
	2014	2013
Provision for employee benefits		
Unavailed leave	2,26,73,427	2,43,11,645
Others		
Income taxes	–	6,33,165
	2,26,73,427	2,49,44,810

2.8 Fixed assets

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

in ₹, except as otherwise stated

Particulars	Tangible assets					Intangible assets		Total
	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures	Total	IT software	Total	
Original cost								
As at January 1, 2014	1,52,52,445	13,25,826	34,63,750	19,65,789	2,20,07,810	23,53,651	23,53,651	2,43,61,461
Additions / Adjustments during the period	–	–	31,46,315	–	31,46,315	–	–	31,46,315
Deductions / Retirement during the period	–	–	–	–	–	–	–	–
Forex difference	(15,25,245)	(1,32,583)	(5,14,519)	(1,96,579)	(23,68,926)	3,30,646	3,30,646	(20,38,280)
As at December 31, 2014	1,37,27,200	11,93,243	60,95,546	17,69,210	2,27,85,199	26,84,297	26,84,297	2,54,69,496
Depreciation and amortization								
As at January 1, 2014	1,52,52,445	13,25,826	31,80,819	17,51,970	2,15,11,060	23,53,651	23,53,651	2,38,64,711
For the period	–	–	3,35,871	2,13,090	5,48,961	–	–	5,48,961
Deductions / Adjustments during the period	–	–	–	–	–	–	–	–
Forex difference	(15,25,245)	(1,32,583)	(3,28,694)	(1,95,850)	(21,82,372)	3,30,646	3,30,646	(18,51,726)
As at December 31, 2014	1,37,27,200	11,93,243	31,87,996	17,69,210	1,98,77,649	26,84,297	26,84,297	2,25,61,946
Net book value								
As at December 31, 2014	–	–	29,07,550	–	29,07,550	–	–	29,07,550

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2013 :

in ₹, except as otherwise stated

Particulars	Tangible assets					Intangible assets		Total
	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures	Total	IT software	Total	
Original cost								
As at January 1, 2013	1,29,94,945	11,29,591	26,04,838	16,74,835	1,84,04,209	23,53,651	23,53,651	2,07,57,860
Additions / Adjustments during the period	–	–	3,74,523	–	3,74,523	–	–	3,74,523
Deductions / Retirement during the period	–	–	–	–	–	–	–	–
Forex difference	22,57,500	1,96,235	4,84,389	2,90,954	32,29,078	–	–	32,29,078
As at December 31, 2013	1,52,52,445	13,25,826	34,63,750	19,65,789	2,20,07,810	23,53,651	23,53,651	2,43,61,461
Depreciation and amortization								
As at January 1, 2013	87,48,267	10,69,372	20,49,213	10,23,238	1,28,90,090	23,53,651	23,53,651	1,52,43,741
For the period	45,86,034	62,370	6,76,591	5,06,937	58,31,932	–	–	58,31,932
Deductions / Adjustments during the period	–	–	–	–	–	–	–	–
Forex difference	19,18,144	1,94,084	4,55,015	2,21,795	27,89,038	–	–	27,89,038
As at December 31, 2013	1,52,52,445	13,25,826	31,80,819	17,51,970	2,15,11,060	23,53,651	23,53,651	2,38,64,711
Net book value								
As at December 31, 2013	–	–	2,82,931	2,13,819	4,96,750	–	–	4,96,750

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

The existing and revised useful lives are as below:

Category of assets	Earlier useful life (Years)	Current useful life (Years)
Building	15	22-25
Plant and machinery	5	5
Computer equipment	2-5	3-5
Furniture and fixtures	5	5
Vehicles	5	5

Had the Company continued with the previously assessed useful lives, charge for depreciation for the twelve months ended December 31, 2014 would have been higher by ₹69,333 for assets held at April 1, 2014. The revision of the useful lives will result in the following changes in the depreciation expense as compared to the original useful life of the assets.

Particulars	Year ended December, 2015	After year ended December, 2015
Increase / (decrease) in depreciation expense	34,509	34,824

The Company has entered into lease-cum-sale agreements to acquire certain properties. In accordance with the terms of some of these agreements, the Company has the option to purchase or renew the properties on expiry of the lease period.

2.9 Leases

Obligations on long-term, non-cancellable operating leases

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

in ₹

Particulars	Year ended December 31,	
	2014	2013
Lease rentals recognized during the period	57,34,433	55,02,438

in ₹

Lease obligations payable	As at December 31,	
	2014	2013
Within one year of the Balance Sheet date	54,27,921	57,66,813
Due in a period between one year and five years	1,10,97,083	1,73,16,238
Due after five years	–	–

2.10 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Other loans and advances		
Advance income taxes	1,221	–
Advances to employees	1,08,77,077	41,66,198
	1,08,78,298	41,66,198

2.11 Trade receivables

in ₹

Particulars	As at December 31,	
	2014	2013
Debts outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	–	16,03,761
Less: Provision for doubtful debts	–	16,03,761
	–	–
Other debts		
Unsecured		
Considered good [(1)]	10,86,08,078	5,94,87,167
Considered doubtful	87,581	16,03,761
	10,86,95,659	6,10,90,928
Less: Provision for doubtful debts	87,581	16,03,761
	10,86,08,078	5,94,87,167
[(1)] *Includes dues from holding company and fellow subsidiaries (Refer to Note 2.18)*	7,22,68,508	4,29,90,425

2.12 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2014	2013
Balances with banks		
In current accounts	99,19,964	3,22,42,679
	99,19,964	3,22,42,679

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

in ₹

Particulars	As at December 31,	
	2014	2013
In current accounts		
ING	98,56,103	1,59,71,904
Crelan	62,939	1,62,58,930
Belfius Bank	922	11,845
Total bank balances	99,19,964	3,22,42,679

2.13 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Others		
Advances		
For supply of goods and rendering of services	2,24,401	–
Withholding and other taxes receivable	6,88,65,428	1,43,53,536
	6,90,89,829	1,43,53,536
Unbilled revenues	37,74,851	60,38,111
Loans and advances to employees		
Salary advances	14,511	–
	7,28,79,191	2,03,91,647

2.14 Other income

in ₹

Particulars	Year ended December 31,	
	2014	2013
Interest received on deposits with banks and others	6,981	45,260
Miscellaneous income, net	11,05,369	41,955
Gains / (losses) on foreign currency, net	(79,78,275)	(48,27,969)
	(68,65,925)	(47,40,754)

2.15 Expenses

in ₹

Particulars	Year ended December 31, 2014	2013
Employee benefit expenses		
Salaries and bonus	39,24,39,977	37,71,68,930
Staff welfare	19,83,033	64,01,510
	39,44,23,010	38,35,70,440
Cost of technical sub-contractors		
Technical sub-contractors – subsidiaries	9,48,35,886	16,27,00,317
Technical sub-contractors – others	1,17,60,504	4,00,02,856
	10,65,96,390	20,27,03,173
Travel expenses		
Traveling and conveyance	5,08,52,746	6,17,86,723
	5,08,52,746	6,17,86,723
Communication expenses		
Telephone charges	37,47,507	38,38,660
	37,47,507	38,38,660
Other expenses		
Office maintenance	19,40,188	18,31,062
Brand building	–	19,134
Rent	57,34,433	55,02,438
Rates and taxes, excluding taxes on income	9,98,207	–
Computer maintenance	99,808	1,09,268
Insurance charges	6,97,305	9,88,599
Provision for bad and doubtful debts and advances	(14,40,349)	10,89,342
Auditor's remuneration		
Statutory audit fees	93,665	7,68,193
Bank charges	3,57,967	3,65,634
Others	45,43,886	21,18,141
	1,30,25,110	1,27,91,811

2.16 Tax expense

in ₹

Particulars	Year ended December 31, 2014	2013
Current tax		
Income taxes	–	52,91,239
Deferred taxes	8,44,07,316	(3,35,54,748)
	8,44,07,316	(2,82,63,509)

2.17 Quantitative details

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

2.18 Related party transactions

List of related parties :

in ₹

Note of holding company	Country	Holding as at December 31, 2014	2013
Lodestone Holding AG	Switzerland	99.90 %	99.90 %

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

(1) *Holding of Lodestone Holding AG from October 22, 2012*

Name of fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Mexico	Mexico
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Brasil	Brazil
Infosys Public Services, Inc.	U.S.
Infosys Consulting India Limited (1)	India
Infosys Americas (2)	U.S.
Infosys BPO s. r. o (3)	Czech Republic
Infosys BPO (Poland) Sp. z o.o. (3)	Poland
Infosys BPO S. de R. L. de C. V. (3)(11)	Mexico
Infosys McCamish Systems LLC (3)	U.S.
Portland Group Pty. Ltd. (3)	Australia
Portland Procurement Services Pty. Ltd. (7)	Australia
Infosys Australia (4)	Australia
EdgeVerve Systems Limited (10)	India
Lodestone Management Consultants (Canada) Inc. (5)(9)	Canada
Lodestone Management Consultants Inc. (5)	U.S.
Lodestone Management Consultants Pty. Limited (5)	Australia
Lodestone Management Consultants AG (5)	Switzerland
Lodestone Augmentis AG (8)	Switzerland
Hafner Bauer & Ödman GmbH (5)	Switzerland
Lodestone Management Consultants GmbH (5)	Austria
Lodestone Management Consultants GmbH (5)	Germany
Lodestone Management Consultants Pte Ltd. (5)	Singapore
Lodestone Management Consultants SAS (5)	France
Lodestone Management Consultants s.r.o. (5)	Czech Republic
SC Lodestone Management Consultants S.R.L. (6)	Romania
Lodestone Management Consultants China Co., Ltd. (5)	China
Lodestone Management Consultants Ltd. (5)	U.K.
Lodestone Management Consultants BV (5)	Netherlands
Lodestone Management Consultants Ltda. (6)	Brazil
Lodestone Management Consultants sp. z o.o. (5)	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA (5)	Portugal
Lodestone Management Consultants S.R.L. (5)	Argentina
Infosys Canada Public Services Ltd. (12)(13)	Canada

(1) *The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.*
(2) *Incorporated effective June 25, 2013*
(3) *Wholly-owned subsidiaries of Infosys BPO.*
(4) *Under liquidation*
(5) *Wholly-owned subsidiaries of Lodestone Holding AG*
(6) *Majority-owned and controlled subsidiaries of Lodestone Holding AG*
(7) *Wholly-owned subsidiary of Portland Group Pty. Ltd. Liquidated effective May 14, 2014.*
(8) *Wholly-owned subsidiary of Lodestone Management Consultants AG*
(9) *Liquidated effective December 31, 2013*
(10) *Incorporated effective February 14, 2014*
(11) *Incorporated effective February 14, 2014*
(12) *Incorporated effective December 19, 2014*
(13) *Wholly-owned subsidiary of Infosys Public Services, Inc.*

The details of amounts due to or due from as at December 31, 2014 and December 31, 2013 are as follows:

Particulars	As at December 31,	
	2014	2013
Unsecured loans		
Lodestone Holding AG	11,23,52,871	11,38,98,253
Trade receivables		
Lodestone Management Consultants AG	1,19,35,236	36,14,464
Lodestone Management Consultants GmbH, Germany	88,69,209	11,61,144
Lodestone Management Consultants Ltd.	3,70,37,775	3,33,28,748
Lodestone Management Consultants Inc.	–	14,93,529
Lodestone Management Consultants BV	70,73,816	9,18,107
Lodestone Management Consultants Pte Ltd.	31,48,309	–
Lodestone Management Consultants SAS	42,04,163	23,45,756
Trade payables		
Lodestone Management Consultants AG	1,27,33,877	2,92,74,140
Lodestone Management Consultants GmbH, Germany	–	12,46,361
Lodestone Management Consultants Sp. z o.o..	40,318	–
Lodestone Management Consultants Ltd.	3,94,22,160	28,78,662
Lodestone Management Consultants BV	–	12,73,678
FX Valuation on above	–	94,993
Other payables		
Lodestone Management Consultants AG	5,16,98,250	–
Lodestone Management Consultants Ltd.	4,47,90,036	–

The details of the related party transactions entered into by the Company for the year ended December 31, 2014 and December 31, 2013 are as follows:

Particulars	Year ended December 31,	
	2014	2013
Capital transactions		
Revenue transactions		
Purchase of services		
Lodestone Management Consultants AG	56,15,913	5,98,56,352
Lodestone Management Consultants Ltda.	–	(26,982)
Lodestone Management Consultants GmbH	2,87,04,269	77,29,751
Lodestone Management Consultants Ltd.	5,07,62,942	6,99,22,742
Lodestone Management Consultants BV	97,70,358	1,80,87,275
Lodestone Management Consultants Sp. z o.o..	5,13,929	15,35,821
Lodestone Management Consultants Portugal, Unipessoal, Lda.	–	7,10,025
S.C. Lodestone Management Consultants S.R.L.	–	1,58,577

Particulars	Year ended December 31,	
	2014	2013
Lodestone Management Consultants SAS	2,80,106	55,23,050
Interest expense		
Lodestone Holding AG	23,05,820	16,04,469
Sale of services		
Lodestone Management Consultants AG	3,70,51,483	5,73,93,106
Lodestone Management Consultants GmbH	7,75,44,098	3,39,12,494
Lodestone Management Consultants SAS	2,19,45,396	37,63,968
Lodestone Management Consultants Ltd.	17,99,84,719	24,77,14,433
Lodestone Management Consultants Inc.	34,26,698	34,55,438
Lodestone Management Consultants Pte Ltd.	1,83,21,767	–
Lodestone Management Consultants BV	6,70,47,235	79,22,226

2.19 Segment reporting

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

2.20 Function wise classification of Statement of Profit and Loss

in ₹

Particulars	Year ended December 31,	
	2014	2013
Income from consultancy services	47,49,80,258	58,93,73,892
Cost of services	46,20,95,123	63,29,88,760
GROSS PROFIT	1,28,85,135	(4,36,14,868)
Selling and marketing expenses	5,73,38,503	10,46,441
General and administration expenses	5,67,01,760	4,51,99,464
	11,40,40,263	4,62,45,905
OPERATING PROFIT BEFORE INTEREST AND DEPRECIATION	(10,11,55,128)	(8,98,60,773)
Interest	23,05,156	39,95,697
Depreciation and amortization	5,48,961	58,31,932
OPERATING PROFIT	(10,40,09,245)	(9,96,88,402)
Other income	(68,65,925)	(47,40,754)
PROFIT BEFORE TAX	(11,08,75,170)	(10,44,29,156)
Tax expense		
Current tax	–	52,91,239
Deferred tax	8,44,07,316	(3,35,54,748)
PROFIT FOR THE YEAR	(19,52,82,486)	(7,61,65,647)

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Wouter van der Meer
Director

Ronald Hafner
Director

Bengaluru
January 9, 2015


Lodestone Management
Consultants BV

Independent Auditors' Report

To the Members of Lodestone Management Consultants BV

Report on the standalone Financial Statements

We have audited the accompanying standalone financial statements of Lodestone Management Consultants BV ('the Company'), which comprises the Balance sheet as at December 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2014 and its loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, We report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Place: Bengaluru
Date: January 9, 2015

Balance Sheet

in ₹,

Particulars	Note	As at December 31, 2014	As at December 31, 2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	53,27,009	53,27,009
Reserves and surplus	2.2	(2,74,86,435)	(2,05,01,334)
		(2,21,59,426)	(1,51,74,325)
CURRENT LIABILITIES			
Short-term borrowings	2.3	7,40,85,231	5,93,59,084
Trade payables	2.4	4,12,25,759	6,04,47,798
Other current liabilities	2.5	7,74,56,168	2,88,81,891
Short-term provisions	2.6	87,65,572	36,03,999
		20,15,32,730	15,22,92,772
		17,93,73,304	13,71,18,447
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.7	14,15,835	12,73,560
		14,15,835	12,73,560
Deferred tax assets (net)	2.9	–	37,23,976
Long-term loans and advances	2.10	6,68,095	95,81,316
		20,83,930	1,45,78,852
CURRENT ASSETS			
Trade receivables	2.11	10,31,88,623	7,79,08,383
Cash and cash equivalents	2.12	3,97,73,964	1,20,67,698
Short-term loans and advances	2.13	3,43,26,787	3,25,63,514
		17,72,89,374	12,25,39,595
		17,93,73,304	13,71,18,447
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner

Ronald Hafner
Director

Peter Ödman
Director

Membership Number: 202841

Bengaluru
January 9, 2015

Statement of Profit and Loss

in ₹, except per share data

Particulars	Note	As at December 31,	
		2014	2013
Income from consultancy services		51,29,41,480	33,53,78,737
Other income	2.14	(3,55,928)	(26,89,978)
Total revenue		51,25,85,552	33,26,88,759
Expenses			
Employee benefit expenses	2.15	27,94,87,124	11,39,50,664
Cost of technical sub-contractors	2.15	15,63,05,717	16,39,32,686
Travel expenses	2.15	4,46,49,872	1,91,98,672
Communication expenses	2.15	35,63,788	14,35,476
Professional charges		2,71,33,162	1,07,22,469
Depreciation and amortization expenses	2.7	5,86,762	5,66,516
Other expenses	2.15	64,21,589	33,50,398
Total expenses		51,81,48,014	31,31,56,881
PROFIT BEFORE TAX		(55,62,462)	1,95,31,878
Tax expense:			
Current tax	2.16	4,00,602	–
Deferred tax	2.16	68,72,682	30,45,448
PROFIT FOR THE PERIOD		(1,28,35,746)	1,64,86,430
EARNINGS PER EQUITY SHARE			
Equity shares of par value US$ 0.50 / - each			
Basic and diluted		(713)	916
Number of shares used in computing earnings per share			
Basic and diluted		18,000	18,000
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath	Ronald Hafner	Peter Ödman
Partner	*Director*	*Director*

Membership Number: 202841

Bengaluru
January 9, 2015

Cash Flow Statement

in ₹

Particulars	Note	As at December 31,	
		2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		(55,62,462)	1,95,31,878
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		5,86,762	5,66,516
Provision for doubtful debts		13,64,648	–
Provision for post–sales client support and warranties		802	–
Interest and dividend income		(82,560)	(13,890)
Effect of exchange differences on translation of subsidiaries		59,94,943	(57,77,708)
Changes in assets and liabilities			
Trade receivables		(2,66,44,888)	(4,85,51,523)
Loans and advances and other assets		71,49,948	(3,48,46,395)
Liabilities and provisions		3,45,13,099	7,19,23,069
		1,73,20,202	28,31,947
Income taxes paid		(35,49,308)	25,32,551
NET CASH GENERATED BY OPERATING ACTIVITIES		1,37,70,894	53,64,498
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure (including intangible assets)		(8,73,335)	(7,20,038)
Interest and dividend received		82,560	13,890
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(7,90,775)	(7,06,148)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan received from parent		1,47,26,147	10,00,069
NET CASH USED IN FINANCING ACTIVITIES		1,47,26,147	10,00,069
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		2,77,06,266	56,58,419
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1,20,67,698	64,09,279
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		3,97,73,964	1,20,67,698
SIGNIFICANT ACCOUNTING POLICIES			

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner

Ronald Hafner
Director

Peter Ödman
Director

Membership Number: 202841

Bengaluru
January 9, 2015

Significant accounting policies and notes on accounts

Company overview

Lodestone Management Consultant BV is a wholly-owned subsidiary of Lodestone Holding AG, Kloten (Switzerland). The Company render professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

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

1.3 Reporting currency

The Company's reporting currency is the INR.

1.4 Use of estimates

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

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

1.5 Revenue recognition

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

An expected project loss is recognized as an expense immediately.

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

1.6 Provisions and contingent liabilities

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

1.7 Post-sales client support and warranties

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

1.8 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

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

1.10 Intangible assets

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

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

1.11 Depreciation and amortization

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

Buildings [(1)]	22-25 years
Plant and machinery [(1)]	5 years
Office equipment	5 years
Computer equipment [(1)]	3-5 years
Furniture and fixtures [(1)]	5 years
Vehicles [(1)]	5 years

[(1)] *For these class of assets, based on 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. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.*

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

1.12 Impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13 Benefits to employees

Compensated absences

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

1.14 Foreign currency transactions

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

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

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.15 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

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

1.16 Earnings per share

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

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

1.17 Cash and cash equivalents

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

1.18 Cash flow statement

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

1.19 Leases

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

2 Notes on accounts for the year ended December 31, 2014

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

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2014	2013
Authorized		
18,000 (18,000) Common Stock, EURO 5 / -par value	53,27,009	53,27,009
Issued, subscribed and paid-up		
18,000 (18,000) Common Stock, EURO 5 / -par value	53,27,009	53,27,009
[Of the above, 18,000 (18,000) Common Stock are held by the holding company, Lodestone Holding AG]	53,27,009	53,27,009

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2014	2013
Foreign currency translation reserve - Opening balance	(79,83,729)	(23,99,853)
Add: Foreign currency translation during the year	58,50,645	(55,83,876)
Foreign currency translation reserve - Closing balance	(21,33,084)	(79,83,729)
Surplus- Opening balance	(1,25,17,605)	(2,90,04,035)
Add: Net profit after tax transferred from Statement of Profit and Loss	(1,28,35,746)	1,64,86,430
Surplus- Closing balance	(2,53,53,351)	(1,25,17,605)
	(2,74,86,435)	(2,05,01,334)

2.3 Short-term borrowings

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured loan	7,40,85,231	5,93,59,084
	7,40,85,231	5,93,59,084
(1) Refer to Note 2.18	7,40,85,231	5,93,59,084

2.4 Trade payables

in ₹,

Particulars	As at December 31,	
	2014	2013
Trade payables (1)	4,12,25,759	6,04,47,798
	4,12,25,759	6,04,47,798
(1) Includes dues from fellow subsidiaries	3,49,49,422	5,30,71,573

2.5 Other current liabilities

in ₹

Particulars	As at December 31,	
	2014	2013
Accrued salaries and benefits		
Bonus and incentives	1,29,42,786	1,22,07,090
Salaries and benefits	32,05,291	82,41,816
Other liabilities		
Provision for expenses	2,56,06,112	37,95,460
Withholding and other taxes payable	3,57,01,979	46,37,525
	7,74,56,168	2,88,81,891

2.6 Short-term provisions

in ₹

Particulars	As at December 31,	
	2014	2013
Provision for employee benefits		
Unavailed leave	87,65,572	36,03,999
	87,65,572	36,03,999

2.7 Fixed assets

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

in ₹

Particulars	Tangible assets			
	Office equipment	Computer equipment	Furniture and fixtures	Total
Original cost				
As at January 1, 2014	1,24,906	14,04,981	6,52,453	21,82,340
Additions / adjustments during the period	–	8,73,335	–	8,73,335
Deductions / retirement during the period	(12,491)	(1,87,171)	(65,245)	(2,64,907)
As at December 31, 2014	1,12,415	2,091,145	587,208	2,790,768
Depreciation and amortization				
As at January 1, 2014	97,148	6,35,379	1,76,252	9,08,779
For the period	26,911	4,81,941	77,910	5,86,762
Deductions / adjustments during the period	(11,644)	(87,185)	(21,779)	(1,20,608)
As at December 31, 2014	1,12,415	10,30,135	2,32,383	1,374,933
Net book value				
As at December 31, 2014	–	1,061,010	354,825	1,415,835

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2013:

in ₹

Particulars	Tangible assets			
	Office equipment	Computer equipment	Furniture and fixtures	Total
Original cost				
As at January 1, 2013	1,06,418	5,31,358	5,55,884	1,193,660
Additions / adjustments during the period	–	7,20,038	–	7,20,038
Deductions / retirement during the period	18,488	1,53,585	96,569	2,68,642
As at December 31, 2013	1,24,906	14,04,981	652,453	2,182,340
Depreciation and amortization				
As at January 1, 2013	47,296	1,39,480	80,678	2,67,454
For the period	38,371	4,52,982	75,163	5,66,516
Deductions / adjustments during the period	11,482	42,917	20,411	74,810
As at December 31, 2013	97,149	6,35,379	1,76,252	9,08,780
Net book value				
As at December 31, 2013	27,757	7,69,602	4,76,201	12,73,560

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

The existing and revised useful lives are as below:

Category of assets	Earlier useful life (Years)	Current useful life (Years)
Building	15	22-25
Plant and machinery	5	5
Computer equipment	2-5	3-5
Furniture and fixtures	5	5
Vehicles	5	5

Had the Company continued with the previously assessed useful lives, charge for depreciation for the twelve month ended December 31, 2014 would have been higher by ₹, 83,845 respectively, for assets held at April 1, 2014. The revision of the useful lives will result in the following changes in the depreciation expense as compared to the original useful life of the assets.

Particulars	Year ended 2015	Year ended 2016	After Year ended 2016
Increase / (decrease) in depreciation expense	(26,527)	81,686	28,686

2.8 Leases

Obligations on long-term, non-cancellable operating leases.

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

in ₹

Particulars	Year ended December 31,	
	2014	2013
Lease rentals recognized during the year	6,05,903	13,65,960

in ₹

Lease obligations payable	Year ended December 31,	
	2014	2013
Within one year of the Balance Sheet date	–	14,16,459
Due in a period between one year and five years	–	48,39,246
Due after five years	–	–

2.9 Deferred taxes

in ₹

Particulars	As at December 31,	
	2014	2013
Deferred tax assets		
Accumulated losses	–	37,23,976
	–	37,23,976
Deferred tax liabilities		
Other Assets	–	–
	–	–
Deferred tax liabilities (net)	–	37,23,976

2.10 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Other loans and advances		
Advances to employees	6,68,095	95,81,316
	6,68,095	95,81,316

2.11 Trade receivables

in ₹

Particulars	As at December 31,	
	2014	2013
Other debts		
Unsecured		
Considered good [(1)]	10,31,88,623	7,79,08,383
Considered bad [(1)]	13,34,504	–
	10,45,23,127	7,79,08,383
Less: Provision for doubtful debts (others)	13,34,504	–
	10,31,88,623	7,79,08,383
[(1)] *Includes dues from holding company and fellow subsidiaries*	8,25,84,435	1,45,16,558

2.12 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2014	2013
Cash on hand	–	–
Balances with banks		
In current accounts	3,97,73,964	1,20,67,698
	3,97,73,964	1,20,67,698

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

in ₹

Particulars	As at December 31,	
	2014	2013
In current accounts		
ING (Euro)	3,97,73,964	1,20,67,698
Total cash and cash equivalents as per Balance Sheet	3,97,73,964	1,20,67,698

2.13 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Others		
Prepaid expenses	–	47,264
Withholding and other taxes receivable	1,86,70,071	77,95,031
Salary advance	3,73,805	–
	1,90,43,876	78,42,295
Unbilled revenues	1,49,26,653	2,43,25,376
Rental deposits	3,56,258	3,95,843
	3,43,26,787	3,25,63,514

2.14 Other income

in ₹

Particulars	Year ended December 31,	
	2014	2013
Interest received on deposits with banks and others	82,560	13,890
Miscellaneous income, net	5,765	–
Gains / (losses) on foreign currency, net	(4,44,253)	(27,03,868)
	(3,55,928)	(26,89,978)

2.15 Expenses

in ₹

Particulars	Year ended December 31,	
	2014	2013
Employee benefit expenses		
Salaries and bonus	27,82,71,897	11,17,42,579
Staff welfare	12,15,227	22,08,085
	27,94,87,124	11,39,50,664
Cost of technical sub-contractors		
Subsidiaries	10,12,53,863	12,98,34,994
Others	5,50,51,854	3,40,97,692
	15,63,05,717	16,39,32,686
Travel expenses		
Overseas travel expenses	4,46,49,872	1,91,98,672
	4,46,49,872	1,91,98,672
Communication expenses		
Telephone charges	35,63,788	14,35,476
	35,63,788	14,35,476
Other expenses		
Office maintenance	87,432	–
Rent	6,05,903	13,65,960
Computer maintenance	60,139	40,518
Insurance charges	35,031	21,025
Provision for post-sales client support and warranties	802	–
Provision for bad and doubtful debts and advances	13,64,648	–
Books and periodicals	62,056	16,438
Bank charges and commission	72,318	88,804
Finance cost	15,83,454	10,81,450
Miscellaneous expenses	25,49,806	7,36,203
	64,21,589	33,50,398

2.16 Tax expense

in ₹

Particulars	Year ended December 31,	
	2014	2013
Current tax		
Income taxes	4,00,602	–
Deferred taxes	68,72,682	30,45,448
	72,73,284	30,45,448

2.17 Quantitative details

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

2.18 Related party transactions

List of related parties:

Name of Holding Company	Country	Holding as at December 31,	
		2014	2013
Lodestone Holding AG	Switzerland	100%	100%

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

[1] *Holding of Lodestone Holding AG from October 22, 2012*

Name of fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Mexico	Mexico
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Brasil	Brazil
Infosys Public Services, Inc.	U.S.
Infosys Consulting India Limited [1]	India
Infosys Americas [2]	U.S.
Infosys BPO s. r. o [3]	Czech Republic
Infosys BPO (Poland) Sp. z o.o. [3]	Poland
Infosys BPO S. de R. L. de C. V. [3][11]	Mexico
Infosys McCamish Systems LLC [3]	U.S.
Portland Group Pty. Ltd. [3]	Australia
Portland Procurement Services Pty. Ltd. [7]	Australia
Infosys Australia [4]	Australia
EdgeVerve Systems Limited [10]	India
Lodestone Management Consultants (Canada) Inc. [5][9]	Canada
Lodestone Management Consultants Inc. [5]	U.S.
Lodestone Management Consultants Pty. Limited [5]	Australia
Lodestone Management Consultants AG [5]	Switzerland
Lodestone Augmentis AG [8]	Switzerland
Hafner Bauer & Ödman GmbH [5]	Switzerland
Lodestone Management Consultants (Belgium) S.A. [6]	Belgium
Lodestone Management Consultants GmbH [5]	Germany
Lodestone Management Consultants Pte Ltd. [5]	Singapore
Lodestone Management Consultants SAS [5]	France
Lodestone Management Consultants s.r.o. [5]	Czech Republic
SC Lodestone Management Consultants S.R.L. [6]	Romania
Lodestone Management Consultants China Co., Ltd. [5]	China
Lodestone Management Consultants Ltd. [5]	U.K.

Name of fellow subsidiaries	Country
Lodestone Management Consultants GmbH [5]	Austria
Lodestone Management Consultants Ltda. [6]	Brazil
Lodestone Management Consultants sp. z o.o. [5]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [5]	Portugal
Lodestone Management Consultants S.R.L. [5]	Argentina
Infosys Canada Public Services Ltd. [12][13]	Canada

(1) *The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.*
(2) *Incorporated effective June 25, 2013*
(3) *Wholly-owned subsidiaries of Infosys BPO.*
(4) *Under liquidation*
(5) *Wholly-owned subsidiaries of Lodestone Holding AG*
(6) *Majority-owned and controlled subsidiaries of Lodestone Holding AG*
(7) *Wholly-owned subsidiary of Portland Group Pty. Ltd. Liquidated effective May 14, 2014.*
(8) *Wholly-owned subsidiary of Lodestone Management Consultants AG*
(9) *Liquidated effective December 31, 2013*
(10) *Incorporated effective February 14, 2014*
(11) *Incorporated effective February 14, 2014*
(12) *Incorporated effective December 19, 2014*
(13) *Wholly-owned subsidiary of Infosys Public Services, Inc.*

The details of amounts due to or due from as at December 31, 2014 and *December 31, 2013* are as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured Loans		
Lodestone Holding AG	7,40,85,231	5,93,59,084
Trade Receivables		
Lodestone Management Consultants Pte Ltd.	2,90,29,341	
Lodestone Management Consultants (Belgium) S.A.		12,73,678
Lodestone Management Consultants Ltd.	3,00,73,717	79,82,540
Lodestone Management Consultants SAS		2,66,193
Lodestone Management Consultants GmbH, Germany	2,34,81,377	51,55,224
Forex Valuation		(1,61,076)
Trade Payables		
Lodestone Management Consultants GmbH, Germany	1,92,29,037	2,04,50,538
Lodestone Management Consultants Sp. z o.o.	3,90,137	74,34,407
Lodestone Management Consultants Ltd.	26,88,543	1,20,84,553
Lodestone Management Consultants AG	55,67,889	1,19,56,091
Lodestone Management Consultants (Belgium) S.A.	70,73,816	9,18,107
Forex Valuation		2,27,875

The details of the related party transactions entered into by the Company for the year ended December 31, 2014 and *December 31, 2013* are as follows:

in ₹

Particulars	Year ended December 31,	
	2014	2013
Capital transactions:		
Lodestone Holding AG	1,47,26,147	10,00,069
Revenue transactions:		
Purchase of services		
Lodestone Management Consultants (Belgium) S.A.	6,70,47,235	1,13,62,502
Lodestone Management Consultants AG	69,76,521	1,40,56,402
Lodestone Management Consultants GmbH	2,40,38,016	5,50,27,367
Lodestone Management Consultants SAS	2,10,496	–
Lodestone Management Consultants Ltd.	71,01,363	3,10,44,276
Lodestone Management Consultants sp. z o.o.	21,73,139	1,84,87,942
SC Lodestone Management Consultants S.R.L.	–	33,67,310
Interest expense		
Lodestone Holding AG	15,80,473	9,87,581
Sale of services		
Lodestone Management Consultants (Belgium) S.A.	97,70,358	2,15,98,081
Lodestone Management Consultants AG	86,14,902	15,838
Lodestone Management Consultants GmbH	3,15,62,766	1,20,90,628
Lodestone Management Consultants SAS	–	2,43,404
Lodestone Management Consultants Ltd.	14,39,92,108	–
Lodestone Management Consultants Pte Ltd.	4,78,84,709	–
Lodestone Management Consultants Inc.	46,81,624	–

2.19 Segment reporting

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

2.20 Function wise classification of Statement of Profit and Loss

in ₹

Particulars	Year ended December 31,	
	2014	2,013
Income from consultancy services	51,29,41,480	33,53,78,737
Software development expenses	41,54,81,799	29,31,53,462
GROSS PROFIT	9,74,59,681	4,22,25,275
Selling and marketing expenses	2,28,80,166	70,673
General and administration expenses	7,76,15,833	1,82,84,780
	10,04,95,999	1,83,55,453
OPERATING PROFIT BEFORE DEPRECIATION AND INTEREST	(30,36,318)	2,38,69,822
Interest Expense	15,83,454	10,81,450
Depreciation and amortization	5,86,762	5,66,516
OPERATING PROFIT	(52,00,769)	2,22,21,856
Other income	(3,55,928)	(26,89,978)
PROFIT BEFORE TAX	(55,62,462)	1,95,31,878
Tax expense:		
Current tax	72,73,284	–
Deferred tax	–	30,45,448
PROFIT FOR THE PERIOD	(1,28,35,746)	1,64,86,430

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath	Ronald Hafner	Peter Ödman
Partner	*Director*	*Director*

Membership Number: 202841

Bengaluru
January 9, 2015


Lodestone Management
Consultants China Co., Ltd.

Independent Auditors' Report

To the Members of Lodestone Management Consultants China Co., Ltd.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Lodestone Management Consultants Co. Ltd. ('the Company'), which comprises the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2014 and its loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that :

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Place : Bengaluru
Date : January 5, 2015

Balance Sheet

in ₹

Particulars	Note	As at December 31, 2014	As at December 31, 2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	15,82,28,571	11,73,98,771
Reserves and surplus	2.2	(22,48,58,894)	(5,91,83,166)
		(6,66,30,323)	5,82,15,605
CURRENT LIABILITIES			
Trade payables	2.4	2,60,03,102	84,99,619
Other current liabilities	2.5	27,20,92,681	7,05,50,873
Short-term provisions	2.6	1,47,38,659	58,46,273
		31,28,34,442	8,48,96,765
		24,62,04,119	14,31,12,370
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.7	62,51,612	51,06,692
		62,51,612	51,06,692
Deferred tax assets	2.3	–	2,40,78,900
Long-term loans and advances	2.9	12,852	13,836
		62,64,464	2,91,99,428
CURRENT ASSETS			
Trade receivables	2.10	11,93,49,420	2,66,76,961
Cash and cash equivalents	2.11	4,70,35,781	5,91,27,064
Short-term loans and advances	2.12	7,35,54,454	2,81,08,917
		23,99,39,655	11,39,12,942
		24,62,04,119	14,31,12,370
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Peter Ödman
Director

Lin Li
Director

Bengaluru
January 9, 2015

Statement of Profit and Loss

in ₹

Particulars	Note	Year ended December 31,	
		2014	2013
Income from consultancy services		59,42,86,695	52,25,39,814
Other income	2.13	68,61,550	(10,28,177)
Total revenue		60,11,48,245	52,15,11,637
Expenses			
Employee benefit expenses	2.14	43,03,82,698	33,13,03,478
Cost of technical sub-contractors	2.14	15,56,56,627	9,27,07,979
Travel expenses	2.14	10,05,08,150	8,07,87,816
Cost of software packages and others	2.14	7,83,560	–
Communication expenses	2.14	43,25,309	30,57,692
Professional charges		1,67,10,282	89,74,002
Depreciation and amortization expense	2.7	42,14,358	41,82,728
Other expenses	2.14	2,69,69,500	2,21,20,483
Total expenses		73,95,50,484	54,31,34,178
PROFIT BEFORE TAX		(13,84,02,239)	(2,16,22,541)
Tax expense :			
Deferred tax	2.15	2,30,18,674	(43,65,838)
PROFIT FOR THE YEAR		(16,14,20,913)	(1,72,56,703)
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Peter Ödman
Director

Lin Li
Director

Bengaluru
January 9, 2015

Cash Flow Statement

in ₹

Particulars	Note	Year ended December 31, 2014	Year ended December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		(13,84,02,239)	(2,16,22,541)
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		42,14,358	41,82,728
Provision for post-sale client service		21,24,408	–
Provision for bad and doubtful debts		550	–
Effect of exchange differences on translation of assets and liabilities		(42,85,544)	91,88,830
Changes in assets and liabilities			
Trade receivables		(9,26,73,009)	(1,01,46,749)
Loans and advances and other assets		(4,54,44,553)	(1,11,63,730)
Liabilities and provisions		22,58,13,269	3,76,81,416
		(4,86,52,760)	81,19,954
Income taxes paid		10,60,226	(35,21,370)
NET CASH GENERATED BY OPERATING ACTIVITIES		(4,75,92,534)	45,98,584
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure		(53,28,549)	(31,02,156)
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(53,28,549)	(31,02,156)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital		4,08,29,800	4,89,32,964
NET CASH USED IN FINANCING ACTIVITIES		4,08,29,800	4,89,32,964
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(1,20,91,283)	5,04,29,392
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		5,91,27,064	86,97,672
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		4,70,35,781	5,91,27,064
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Peter Ödman
Director

Lin Li
Director

Bengaluru
January 9, 2015

Significant accounting policies and notes on accounts

Company overview

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

1 Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

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

1.3 Reporting currency

The Company's reporting currency is INR.

1.4 Use of estimates

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

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

1.5 Revenue recognition

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

An expected project loss is recognized as an expense immediately.

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

1.6 Provisions and contingent liabilities

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

1.7 Post-sales client support and warranties

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

1.8 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

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

1.10 Intangible assets

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

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

1.11 Depreciation and amortization

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

Buildings [(1)]	22-25 years
Plant and machinery [(1)]	5 years
Office equipment	5 years
Computer equipment [(1)]	3-5 years
Furniture and fixtures [(1)]	5 years
Vehicles [(1)]	5 years

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

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end. *(Refer to Note 2.8)*

1.12 Impairment

The Management periodically assesses using external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13 Benefits to employees

Compensated absences

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

1.14 Foreign currency transactions in the books of holding company

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

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

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.15 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

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

1.16 Earnings per share

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

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

1.17 Cash and cash equivalents

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

1.18 Cash Flow Statement

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

1.19 Leases

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

2 Notes on accounts for the year ended December 31, 2014

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

2.1 Share capital

in ₹

Particulars	As at December 31,	
	2014	2013
Authorized		
2,260,000 USD (1,360,000 USD)	15,82,28,571	11,73,98,771
Issued, subscribed and paid-up		
2,260,000 USD (1,360,000 USD)	15,82,28,571	11,73,98,771
	15,82,28,571	11,73,98,771

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2014	2013
Currency translation reserve	1,39,11,394	47,22,566
Add: Movement during the year	(42,54,815)	91,88,828
	96,56,579	1,39,11,394
Surplus – Opening balance	(7,30,94,560)	(5,58,37,857)
Add: Net profit after tax transferred from Statement of Profit and Loss	(16,14,20,913)	(1,72,56,703)
Surplus – Closing balance	(23,45,15,473)	(7,30,94,560)
	(22,48,58,894)	(5,91,83,166)

2.3 Deferred taxes

in ₹

Particulars	As at December 31,	
	2014	2013
Deferred tax assets		
Accumulated losses	–	2,40,78,900
	–	2,40,78,900

2.4 Trade payables

Particulars	As at December 31,	
	2014	2013
Trade payables [(1)]	2,60,03,102	84,99,619
	2,60,03,102	84,99,619
[(1)] *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.17)*	1,87,61,472	54,09,643

2.5 Other current liabilities

in ₹

Particulars	As at December 31,	
	2014	2013
Accrued salaries and benefits		
Salaries and benefits	21,237	63,63,074
Bonus and incentives	2,09,99,524	1,80,97,653
Other liabilities		
Provision for expenses [(1)]	5,49,61,439	1,79,86,180
Others [(2)]	14,32,19,337	2,34,21,013
Withholding and other taxes payable	3,17,13,428	31,12,942
Unearned revenue	2,11,77,716	15,70,011
	27,20,92,681	7,05,50,873
[(1)] *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.17)*	–	62,20,448
[(2)] *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.17)*	14,28,72,619	2,34,21,013

2.6 Short-term provisions

in ₹

Particulars	As at December 31,	
	2014	2013
Provision for employee benefits		
Unavailed leave	1,20,91,795	58,46,273
Post-sales client support and warranties and other provisions	26,46,864	–
	1,47,38,659	58,46,273

Provision for post-sales client support and warranties and other provisions

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

in ₹

Particulars	Year ended December 31,	
	2014	2013
Balance at the beginning	–	–
Provision recognized / (reversed)	21,24,408	–
Exchange difference during the period	5,22,456	–
Balance at the end	26,46,864	–

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

2.7 Fixed assets

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

in ₹, except as otherwise stated

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

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2013:

in ₹, except as otherwise stated

Particulars	Tangible assets			Total
	Office equipment	Computer equipment	Furniture and fixtures [(1)]	
Original cost				
As at January 1, 2013	2,71,516	51,12,511	50,09,288	1,03,93,315
Additions / Adjustments during the period	6,32,556	19,21,672	–	25,54,228
Deductions / Retirement during the period	–	(3,84,491)	–	(3,84,491)
Exchange difference	(2,93,550)	13,54,574	7,95,296	18,56,320
As at December 31, 2013	6,10,522	80,04,266	58,04,584	1,44,19,372
Depreciation and amortization				
As at January 1, 2013	1,19,533	18,40,298	22,46,219	42,06,050
For the period	1,50,840	22,16,932	18,14,956	41,82,728
Deductions / Adjustments during the period	–	(29,497)	–	(29,497)
Exchange difference	25,283	4,51,595	4,76,521	9,53,399
As at December 31, 2013	2,95,656	44,79,328	45,37,696	93,12,680
Net book value				
As at December 31, 2013	3,14,866	35,24,938	12,66,888	51,06,692

[(1)] *Leasehold improvements have been reclassified as furniture and fixtures and necessary figures have been regrouped.*

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

The existing and revised useful lives are as below:

Category of assets	Earlier useful life (Years)	Current useful life (Years)
Building	15	22-25
Plant and machinery	5	5
Computer equipment	2-5	3-5
Furniture and fixtures	5	5
Vehicles	5	5

The revision of the useful lives will result in the following changes in the depreciation expense as compared to the original useful life of the assets.

Particulars	Year ended 31 December, 2016	Year ended after 31 December, 2016
Increase / (decrease) in depreciation expense	1,89,999	(1,89,999)

The Company has entered into lease-cum-sale agreements to acquire certain properties. In accordance with the terms of some of these agreements, the Company has the option to purchase or renew the properties on expiry of the lease period.

2.8 Leases

Obligations on long-term, non-cancellable operating leases

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

in ₹

Particulars	Year ended December 31,	
	2014	2013
Lease rentals recognized during the period	98,17,551	93,02,796

in ₹

Lease obligations payable	December 31,	
	2014	2013
Within one year of the Balance Sheet date	1,19,57,972	74,11,486
Due in a period between one year and five years	2,13,91,483	–

2.9 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Advance income taxes	12,852	13,836
	12,852	13,836

2.10 Trade receivables

in ₹

Particulars	As at December 31,	
	2014	2013
Other debts		
Unsecured		
Considered good [(1)]	11,93,49,420	2,66,76,961
Considered doubtful	–	–
	11,93,49,420	2,66,76,961
Less: Provision for doubtful debts	–	–
	11,93,49,420	2,66,76,961
	11,93,49,420	2,66,76,961
[(1)] *Includes dues from holding company and fellow subsidiaries (Refer to Note 2.17)*	3,86,82,385	33,01,217

2.11 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2014	2013
Cash on hand	71,291	6,784
Balances with banks		
In current accounts	4,69,64,490	5,91,20,280
	4,70,35,781	5,91,27,064

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

in ₹

Particulars	As at December 31	
	2014	2013
In current accounts		
China Merchants Bank (CNY)	4,70,71,392	5,91,19,870
China Merchants Bank (USD)	(1,06,902)	410
	4,69,64,490	5,91,20,280
Total bank balances	4,69,64,490	5,91,20,280

2.12 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Others		
Advances		
Prepaid expenses	38,95,502	28,68,719
Withholding and other taxes receivable	2,90,79,524	–
Others [(1)]	29,23,577	94,739
	3,58,98,603	29,63,458
Unbilled revenues [(2)]	2,30,57,894	2,12,17,689
Loans and advances to employees		
Salary advances	4,25,757	5,89,639
Rental deposits	39,59,443	33,38,131
Electricity and other deposits	1,02,12,757	–
	7,35,54,454	2,81,08,917

Particulars	As at December 31,	
	2014	2013
[(1)] *Includes dues from holding company and fellow subsidiaries (Refer to Note 2.17)*	2,54,828	–
[(2)] *Includes dues from holding company and fellow subsidiaries (Refer to Note 2.17)*	–	45,76,454

2.13 Other income

in ₹

Particulars	Year ended December 31,	
	2014	2013
Interest received on deposits with banks and others	13,272	38,572
Miscellaneous income, net	19,748	1,10,981
Gains / (losses) on foreign currency, net	68,28,530	(11,77,730)
	68,61,550	(10,28,177)

2.14 Expenses

in ₹

Particulars	Year ended December 31,	
	2014	2013
Employee benefit expenses		
Salaries and bonus	42,18,99,046	32,48,91,018
Staff welfare	84,83,652	64,12,460
	43,03,82,698	33,13,03,478
Cost of technical sub-contractors		
Technical sub-contractors – subsidiaries	72,26,821	58,54,687
Technical sub-contractors others	14,84,29,806	8,68,53,292
	15,56,56,627	9,27,07,979
Travel expenses		
Traveling and conveyance	10,05,08,150	8,07,87,816
	10,05,08,150	8,07,87,816
Cost of software packages and others		
For own use	7,83,560	–
	7,83,560	–
Communication expenses		
Telephone charges	43,25,309	30,57,692
	43,25,309	30,57,692
Other expenses		
Office maintenance	21,57,240	23,65,994
Power and fuel	2,56,552	–
Brand building	2,64,830	6,33,873
Rent	98,17,551	93,02,796
Rates and taxes, excluding taxes on income	29,68,157	37,81,851
Repairs to plant and machinery	(441)	1,191
Computer maintenance	5,66,733	78,815
Insurance charges	41,869	2,82,688
Marketing expenses	82,37,020	45,08,350
Provision for post-sales client support and warranties	21,24,408	–
Provision for bad and doubtful debts and advances	550	–
Books and periodicals	35,035	31,966
Auditor's remuneration		
Statutory audit fees	83,691	1,15,148
Bank charges	1,07,821	30,413
Others	3,43,519	10,19,364
	2,69,69,500	2,21,20,483

2.15 Tax expense

in ₹

Particulars	Year ended December 31,	
	2014	2013
Current tax		
Deferred taxes	2,30,18,674	(43,65,838)
	2,30,18,674	(43,65,838)

2.16 Quantitative details

The Company is primarily engaged in the business of consultancy services. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per revised Schedule VI to the Companies Act, 1956.

2.17 Related party transactions

List of related parties:

Name of Related Party	Country	Holding as at December 31	
		2014	2013
Lodestone Holding AG	Switzerland	100%	100%

Name of Ultimate Holding Company	Country
Infosys Limited	India

Name of Fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Mexico	Mexico
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Brasil	Brazil
Infosys Public Services, Inc.	U.S.
Infosys Consulting India Limited [(1)]	India
Infosys Americas [(2)]	U.S.
Infosys BPO s. r. o [(3)]	Czech Republic
Infosys BPO (Poland) Sp. z o.o. [(3)]	Poland
Infosys BPO S. de R. L. de C. V. [(3)(11)]	Mexico
Infosys McCamish Systems LLC [(3)]	U.S.
Portland Group Pty. Ltd. [(3)]	Australia
Portland Procurement Services Pty. Ltd. [(7)]	Australia
Infosys Australia [(4)]	Australia
EdgeVerve Systems Limited [(10)]	India
Lodestone Management Consultants (Canada) Inc. [(5)(9)]	Canada
Lodestone Management Consultants Inc. [(5)]	U.S.
Lodestone Management Consultants Pty. Limited [(5)]	Australia
Lodestone Management Consultants AG [(5)]	Switzerland
Lodestone Augmentis AG [(8)]	Switzerland
Hafner Bauer & Ödman GmbH [(5)]	Switzerland
Lodestone Management Consultants (Belgium) S.A. [(6)]	Belgium
Lodestone Management Consultants GmbH [(5)]	Germany
Lodestone Management Consultants Pte Ltd. [(5)]	Singapore
Lodestone Management Consultants SAS [(5)]	France
Lodestone Management Consultants s.r.o. [(5)]	Czech Republic
Lodestone Management Consultants GmbH [(5)]	Austria
Lodestone Management Consultants Ltd. [(5)]	U.K.
Lodestone Management Consultants BV [(5)]	Netherlands
Lodestone Management Consultants Ltda. [(6)]	Brazil
Lodestone Management Consultants sp. z o.o. [(5)]	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA [(5)]	Portugal
SC Lodestone Management Consultants S.R.L. [(5)]	Romania
Lodestone Management Consultants S.R.L. [(5)(6)]	Argentina
Infosys Canada Public Services Ltd. [(12)(13)]	Canada

(1) The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.
(2) Incorporated effective June 25, 2013
(3) Wholly-owned subsidiaries of Infosys BPO.
(4) Under liquidation
(5) Wholly-owned subsidiaries of Lodestone Holding AG
(6) Majority-owned and controlled subsidiaries of Lodestone Holding AG
(7) Wholly-owned subsidiary of Portland Group Pty. Ltd. Liquidated effective May 14, 2014.
(8) Wholly-owned subsidiary of Lodestone Management Consultants AG
(9) Liquidated effective December 31, 2013
(10) Incorporated effective February 14, 2014
(11) Incorporated effective February 14, 2014
(12) Incorporated effective December 19, 2014
(13) Wholly-owned subsidiary of Infosys Public Services, Inc.

The details of amounts due to or due from as at December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
Trade receivables		
Lodestone Management Consultants AG	55,54,757	–
Lodestone Management Consultants GmbH	1,02,15,014	–
Lodestone Management Consultants Ltd	31,66,758	–
Lodestone Management Consultants Pte Ltd.	45,23,544	–
Infosys China	1,52,22,312	33,01,217
Other receivables		
Lodestone Management Consultants AG	2,54,828	–
Trade payables		
Lodestone Management Consultants AG	13,08,817	13,80,314
Lodestone Management Consultants Sp. z o.o.	26,28,512	30,08,397
Lodestone Management Consultants Pte Ltd.	79,54,277	10,20,931
Lodestone Management Consultants GmbH	1,99,134	–
Lodestone Management Consultants Ltd	83,514	–
Infosys China	65,87,218	–
Other payables		
Lodestone Management Consultants AG	3,21,05,537	–
Lodestone Management Consultants Ltd.	9,50,61,876	–
Lodestone Management Consultants GmbH	1,57,05,206	–
Other current liabilities		
Lodestone Management Consultants GmbH	–	1,08,72,622
Lodestone Management Consultants Pte Ltd.	–	13,156
Lodestone Management Consultants Ltd.	–	1,25,35,235
Provisions for expenses		
Infosys China	–	62,20,448
Short-term loans and advances		
Infosys China	–	45,76,454

The details of the related party transactions entered into by the Company for the year ended December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	Year ended December 31,	
	2014	2013
Capital transactions		
Revenue transactions		
Purchase of services		
Lodestone Management Consultants sp. z o.o.	–	13,61,755
Lodestone Management Consultants GmbH	2,08,061	–
Lodestone Management Consultants Ltd.	83,563	–
Lodestone Management Consultants Pte Ltd.	69,94,467	–
Infosys China	59,46,548	58,54,687
Sales of services		
Lodestone Management Consultants AG	60,06,576	–
Lodestone Management Consultants Ltd.	5,81,28,764	4,12,48,627
Lodestone Management Consultants GmbH	4,33,25,233	2,62,05,664
Lodestone Management Consultants Pte Ltd.	42,51,724	–
Infosys China	2,27,70,643	3,95,34,490

2.18 Segment reporting

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

2.19 Function wise classification of Statement of Profit and Loss

in ₹

Particulars	Year ended December 31,	
	2014	2013
Income from consultancy services	59,42,86,695	52,25,39,814
Cost of services	57,63,58,390	49,76,39,860
GROSS PROFIT	1,79,28,305	2,48,99,954
Selling and marketing expenses	9,37,86,637	51,61,269
General and administration expenses	6,52,59,587	3,61,50,321
	15,90,46,224	4,13,11,590
OPERATING PROFIT BEFORE INTEREST AND DEPRECIATION	(14,11,17,919)	(1,64,11,636)
Interest	(68,488)	–
Depreciation and amortization	42,14,358	41,82,728
OPERATING PROFIT	(14,52,63,789)	(2,05,94,364)
Other income	68,61,550	(10,28,177)
PROFIT BEFORE TAX	(13,84,02,239)	(2,16,22,541)
Tax expense		
Deferred tax	2,30,18,674	(43,65,838)
PROFIT FOR THE YEAR	(16,14,20,913)	(1,72,56,703)

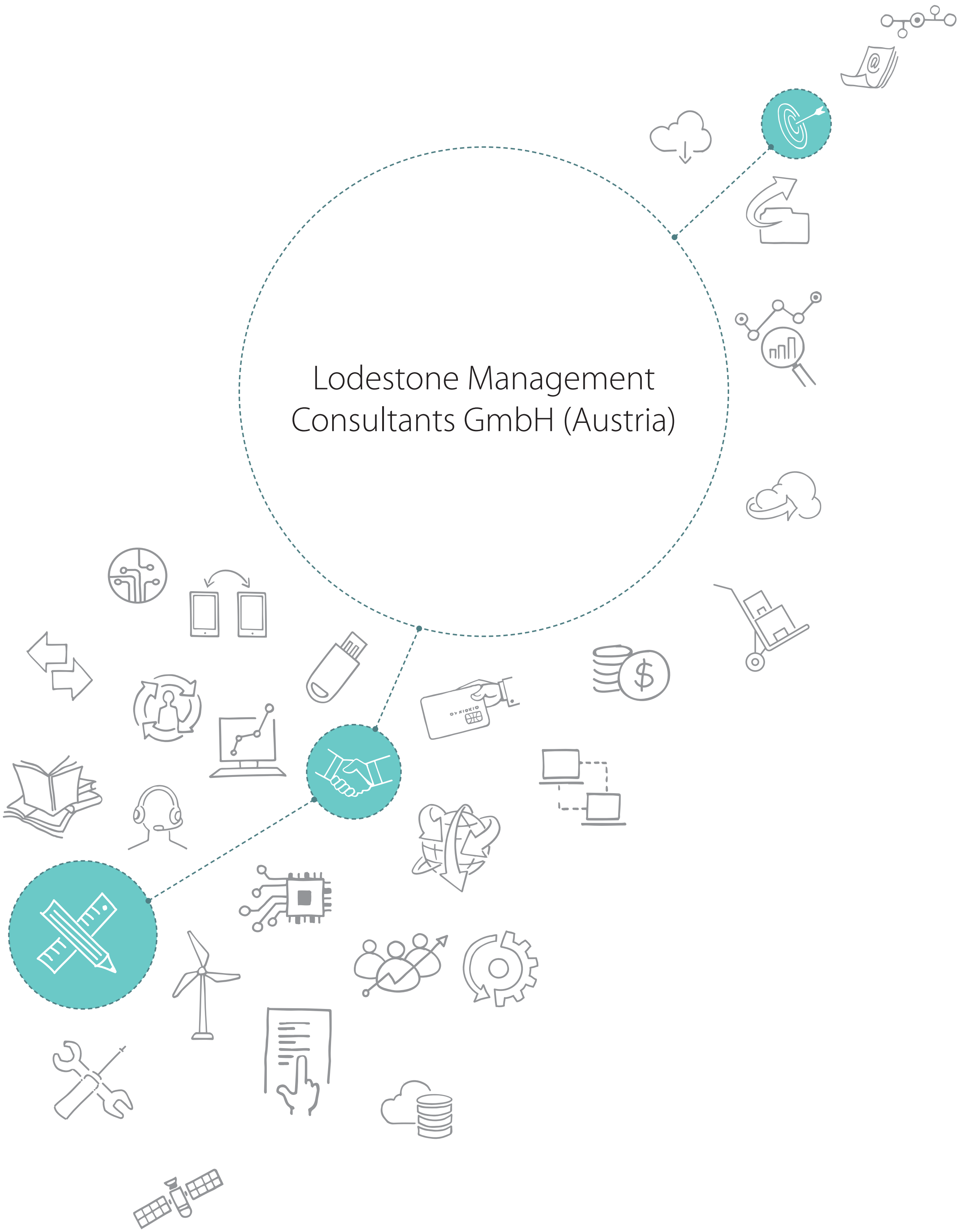
The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath	Peter Ödman	Lin Li
Partner	*Director*	*Director*

Membership Number: 202841

Bengaluru
January 9, 2015


Lodestone Management Consultants GmbH (Austria)

Independent Auditors' Report

To the Members of Lodestone Management Consultants GmbH (Austria)

Report on the standalone Financial Statements

We have audited the accompanying standalone financial statements of Lodestone Management Consultants GmbH. ('the Company'), which comprises the Balance sheet as at December 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2014 and its loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, We report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

For Shenoy & Kamath
Chartered accountants,
Firm's Registration no. 006673S

Place: Bengaluru
Date: January 9, 2015

M. Rathnakar Kamath
Partner
Membership no. 202841.

Balance Sheet

in ₹

Particulars	Note	As at December 31,	
		2014	2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	53,93,200	53,93,200
Reserves and surplus	2.2	(2,39,94,900)	(1,71,38,092)
		(1,86,01,700)	(1,17,44,892)
CURRENT LIABILITIES			
Short term borrowings	2.4	1,89,97,642	2,06,88,966
Trade payables	2.5	19,439	(54,597)
Other current liabilities	2.6	2,00,75,399	69,29,448
Short-term provisions	2.7	29,00,080	5,88,147
		4,19,92,561	2,81,51,964
		2,33,90,861	1,64,07,072
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.8	–	20,813
		–	20,813
Deferred tax assets	2.3	–	61,18,035
Long-term loans and advances	2.9	47,54,150	1,30,118
		47,54,150	62,68,966
CURRENT ASSETS			
Trade receivables	2.10	1,55,37,011	52,53,108
Cash and cash equivalents	2.11	17,26,476	35,90,617
Short-term loans and advances	2.12	13,73,224	12,94,381
		1,86,36,711	1,01,38,106
		2,33,90,861	1,64,07,072
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached

for Shenoy & Kamath

Chartered Accountants

Firm's Registration Number:006673S

M. Rathnakar Kamath	Ronald Hafner
Partner	*Director*
Membership Number: 202841	

Bengaluru

January 9, 2015

Statement of Profit and Loss

in ₹

Particulars	Note	Year ended December 31,	
		2014	2013
Income from consultancy services		9,72,28,840	5,57,94,342
Other income	2.13	49	(9,264)
Total revenue		9,72,28,889	5,57,85,078
Expenses			
Employee benefit expenses	2.14	7,62,23,193	4,03,60,955
Travel expenses	2.14	2,14,88,596	1,34,19,677
Communication expenses	2.14	4,19,971	3,00,472
Professional charges		21,36,117	12,66,330
Interest expenses		3,98,761	3,32,842
Depreciation and amortization expenses	2.8	20,739	2,30,130
Other expenses	2.14	2,90,398	1,77,768
Total expenses		10,09,77,775	5,60,88,174
PROFIT BEFORE TAX		(37,48,886)	(3,03,096)
Tax expense:			
Current tax	2.15	98,860	22,924
Deferred tax	2.15	60,05,164	(75,491)
PROFIT FOR THE PERIOD		(98,52,910)	(2,50,529)
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached

for Shenoy & Kamath

Chartered Accountants

Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Ronald Hafner
Director

Bengaluru
January 9, 2015

Cash Flow Statement

in ₹

Particulars	Note	Year ended December 31, 2014	Year ended December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		(37,48,886)	(3,03,096)
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		20,739	2,30,130
Interest and dividend income		(3,787)	(4,219)
Effect of exchange differences on translation of assets and liabilities		29,96,177	(16,34,752)
Changes in assets and liabilities			
Trade receivables		(1,02,83,903)	(30,74,619)
Loans and advances and other assets		(46,05,827)	(5,10,519)
Liabilities and provisions		1,53,95,284	7,49,203
		(2,30,204)	(45,47,872)
Income taxes paid		53,600	(10,13,586)
NET CASH GENERATED BY OPERATING ACTIVITIES		(1,76,604)	(55,61,458)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividend received		3,787	4,219
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		3,787	4,219
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from parent company		(16,91,324)	33,69,455
NET CASH USED IN FINANCING ACTIVITIES		(16,91,324)	33,69,455
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(18,64,141)	(21,87,784)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		35,90,617	57,78,401
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		17,26,476	35,90,617
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached

for Shenoy & Kamath

Chartered Accountants

Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Ronald Hafner
Director

Bengaluru
January 9, 2015

Significant accounting policies and notes on accounts

Company overview

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

1 Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

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

1.3 Reporting currency

The Company's reporting currency is INR.

1.4 Use of estimates

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

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

1.5 Revenue recognition

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

An expected project loss is recognized as an expense immediately.

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

1.6 Provisions and contingent liabilities

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

1.7 Post-sales client support and warranties

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

1.8 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

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

1.10 Intangible assets

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

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

1.11 Depreciation and amortization

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

Buildings (1)	22-25 years
Plant and machinery (1)	5 years
Office equipment	5 years
Computer equipment (1)	3-5 years
Furniture and fixtures (1)	5 years
Vehicles (1)	5 years

(1) For these class of assets, based on 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. 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.

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end. *(Refer to Note 2.8)*

1.12 Impairment

The Management periodically assesses using external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13 Benefits to employees

Compensated absences

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

1.14 Foreign currency transactions in the books of Holding Company

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

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

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.15 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

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

1.16 Earnings per share

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

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

1.17 Cash and cash equivalents

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

1.18 Cash flow statement

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

1.19 Leases

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

2 Notes on accounts for the year ended December 31, 2014

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

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2014	2013
Authorized capital		
EUR 80,000	53,93,200	53,93,200
Issued, subscribed and paid-up		
EUR 80,000	53,93,200	53,93,200
	53,93,200	53,93,200

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2014	2013
Foreign currency translation reserve - Opening balance	(21,41,691)	(5,27,397)
Add: Foreign currency translation during the year	29,96,102	(16,14,294)
Foreign currency translation reserve - Closing balance	8,54,411	(21,41,691)
Surplus- Opening Balance	(1,49,96,401)	(1,47,45,872)
Add: Net profit after tax transferred from Statement of Profit and Loss	(98,52,910)	(2,50,529)
Surplus- Closing Balance	(2,48,49,311)	(1,49,96,401)
	(2,39,94,900)	(1,71,38,092)

2.3 Deferred taxes

in ₹

Particulars	As at December 31,	
	2014	2013
Deferred tax assets		
Accumulated losses	–	61,18,035
	–	61,18,035

2.4 Short term borrowings[1]

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured loans	1,89,97,642	2,06,88,966
	1,89,97,642	2,06,88,966
[1] *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.17)*	1,89,97,642	2,06,88,966

2.5 Trade payables [1]

in ₹

Particulars	As at December 31,	
	2014	2013
Trade payables	19,439	(54,597)
	19,439	(54,597)
[1] *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.17)*	19,439	(54,600)

2.6 Other current liabilities

in ₹

Particulars	As at December 31,	
	2014	2013
Accrued salaries and benefits		
Bonus and incentives	19,13,250	33,36,990
Other liabilities		
Provision for expenses	1,39,41,173	4,08,479
Goods and services	2,85,678	–
Withholding and other taxes payable	39,35,298	31,83,979
	2,00,75,399	69,29,448

2.7 Short-term provisions

in ₹

Particulars	As at December 31,	
	2014	2013
Provision for employee benefits		
Unavailed leave	27,63,444	5,88,147
Income Taxes	1,36,637	–
	29,00,080	5,88,147

2.8 Fixed assets

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

in ₹, except as otherwise state

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

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2013:

in ₹, except as otherwise stated

Particulars	Tangible assets	
	Computer equipment	Total
Original cost		
As at January 1, 2013	3,31,901	3,31,901
Additions / adjustments during the period	–	–
Deductions / retirement during the period	57,658	57,658
As at December 31, 2013	3,89,559	3,89,559
Depreciation and amortization		
As at January 1, 2013	1,01,416	1,01,416
For the year	2,30,130	2,30,130
Deductions / adjustments during the period	37,200	37,200
As at December 31, 2013	3,68,746	3,68,746
Net book value		
As at December 31, 2013	20,813	20,813

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

The existing and revised useful lives are as below:

in ₹

Category of assets	Earlier useful life (Years)	Current useful life (Years)
Building	15	22-25
Plant and machinery	5	5
Computer equipment	2-5	3-5
Furniture and fixtures	5	5
Vehicles	5	5

2.9 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Other loans and advances		
Advances to employees - Non current	45,26,984	–
Advance income taxes (net of provisions)	2,27,166	1,30,118
	47,54,150	1,30,118

2.10 Trade receivables [1]

in ₹

Particulars	As at December 31,	
	2014	2013
Other debts		
Insecured		
Considered good	1,55,37,011	52,53,108
	1,55,37,011	52,53,108
[1] *Includes dues from holding company and fellow subsidiaries (Refer to Note 2.17)*	1,55,00,248	52,53,108

Provision for doubtful debts

Periodically, the Company evaluates all customer dues to the Company for collectability. The need for provisions is assessed based on various factors including collectability of specific dues, risk perceptions of the industry in which the customer operates and general economic factors, which could affect the customer's ability to settle. The Company normally provides for debtor dues outstanding for six months or longer from the invoice date, as at the Balance Sheet date. The Company pursues the recovery of the dues, in part or full.

2.11 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2014	2013
Balances with banks		
In current accounts	17,26,476	35,90,617
	17,26,476	35,90,617

The deposits maintained by the Company with banks and financial institutions comprise time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

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

in ₹

Particulars	As at December 31,	
	2014	2013
In current accounts		
Bank Austria	17,26,476	35,90,617
Total cash and cash equivalents as per Balance Sheet	17,26,476	35,90,617

2.12 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Others		
Prepaid expenses	–	7,03,492
Withholding and other taxes receivable	13,73,224	5,90,889
	13,73,224	12,94,381

2.13 Other income

in ₹

Particulars	Year ended December 31,	
	2014	2013
Interest received on deposits with banks and others	3,787	4,219
Gains / (losses) on foreign currency, net	(3,738)	(13,483)
	49	(9,264)

2.14 Expenses

in ₹

Particulars	Year ended December 31,	
	2014	2013
Employee benefit expenses		
Salaries and bonus including overseas staff expenses	7,61,95,604	3,96,57,912
Staff welfare	27,589	7,03,043
	7,62,23,193	4,03,60,955
Travel expenses		
Overseas travel expenses	2,14,88,596	1,34,19,677
	2,14,88,596	1,34,19,677
Communication expenses		
Telephone charges	4,19,971	3,00,472
	4,19,971	3,00,472
Other expenses		
Computer maintenance	–	4,352
Provision for bad and doubtful debts and advances	–	(608)
Auditors remuneration		
Statutory audit fees	–	–
Bank charges and commission	1,59,039	1,43,647
Miscellaneous expenses	1,31,359	30,377
	2,90,398	1,77,768

2.15 Tax expense

in ₹

	Year ended December 31,	
	2014	2013
Current tax		
Income taxes	98,860	22,924
Deferred taxes	60,05,164	(75,491)
	61,04,024	(52,567)

2.16 Quantitative detail

The Company is primarily engaged in the business of consultancy services. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per revised Schedule VI to the Companies Act, 1956.

2.17 Related party transactions

List of related parties:

in ₹

Name of holding company	Country	Holding as at December 31,	
		2014	2013
Lodestone Holding AG	Switzerland	100%	100%

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

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

Name of fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Mexico	Mexico
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Brasil	Brazil
Infosys Public Services, Inc.	U.S.
Infosys Consulting India Limited [(1)]	India
Infosys Americas [(2)]	U.S.
Infosys BPO s.r.o [(3)]	Czech Republic
Infosys BPO (Poland) Sp. z o.o. [(3)]	Poland
Infosys BPO S. de R.L. de C. V. [(3)(11)]	Mexico
Infosys McCamish Systems LLC [(3)]	U.S.
Portland Group Pty. Ltd. [(3)]	Australia
Portland Procurement Services Pty. Ltd. [(7)]	Australia
Infosys Australia [(4)]	Australia
EdgeVerve Systems Limited [(10)]	India
Lodestone Management Consultants (Canada) Inc. [(5)(9)]	Canada
Lodestone Management Consultants Inc. [(5)]	U.S.
Lodestone Management Consultants Pty. Limited [(5)]	Australia
Lodestone Management Consultants AG [(5)]	Switzerland
Lodestone Augmentis AG [(8)]	Switzerland
Hafner Bauer & Ödman GmbH [(5)]	Switzerland
Lodestone Management Consultants (Belgium) S.A. [(6)]	Belgium
Lodestone Management Consultants GmbH [(5)]	Germany
Lodestone Management Consultants Pte Ltd. [(5)]	Singapore
Lodestone Management Consultants SAS [(5)]	France
Lodestone Management Consultants s.r.o. [(5)]	Czech Republic
SC Lodestone Management Consultants S.R.L. [(6)]	Romania
Lodestone Management Consultants China Co., Ltd. [(5)]	China
Lodestone Management Consultants Ltd. [(5)]	U.K.
Lodestone Management Consultants BV [(5)]	Netherlands
Lodestone Management Consultants Ltda. [(6)]	Brazil
Lodestone Management Consultants sp. z o.o. [(5)]	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA [(5)]	Portugal
Lodestone Management Consultants S.R.L. [(5)]	Argentina
Infosys Canada Public Services Ltd. [(12)(13)]	Canada

[(1)] *The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.*
[(2)] *Incorporated effective June 25, 2013*
[(3)] *Wholly-owned subsidiaries of Infosys BPO*
[(4)] *Under liquidation*
[(5)] *Wholly-owned subsidiaries of Lodestone Holding AG*
[(6)] *Majority-owned and controlled subsidiaries of Lodestone Holding AG*
[(7)] *Wholly-owned subsidiary of Portland Group Pty. Ltd.; liquidated effective May 14, 2014*
[(8)] *Wholly-owned subsidiary of Lodestone Management Consultants AG*
[(9)] *Liquidated effective December 31, 2013*
[(10)] *Incorporated effective February 14, 2014*
[(11)] *Incorporated effective February 14, 2014*
[(12)] *Incorporated effective December 19, 2014*
[(13)] *Wholly-owned subsidiary of Infosys Public Services, Inc.*

The details of amounts due to or due from as at December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
Trade receivables		
Lodestone Management Consultants AG		–
Lodestone Management Consultants GmbH	1,55,00,248	45,03,724
Lodestone Management Consultants Ltd.		7,49,384
Trade payables		
Lodestone Management Consultants sp. z o.o.	19,439	(54,991)
FX valuation on above	–	391
Unsecured loans		
Lodestone Holding AG	1,89,97,642	2,06,88,966

The details of the related party transactions entered into by the Company for the year ended December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	Year ended December 31,	
	2014	2013
Capital transactions		
Financing transactions		
Lodestone Holding AG	–	33,69,455
Revenue transactions		
Purchase of services		
Lodestone Management Consultants sp. z o.o.	1,22,626	–
Interest expense		
Lodestone Holding AG	3,98,761	3,32,842
Sale of shared services including facilities and personnel		
Lodestone Management Consultants AG	–	19,92,181
Lodestone Management Consultants GmbH	8,84,66,832	4,75,75,848
Lodestone Management Consultants Ltd.	53,86,282	58,56,000

2.18 Segment reporting

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

2.19 Function wise classification of Statement of Profit and Loss

in ₹

Statement of Profit and Loss account	Year ended December 31,	
	2014	2013
Income from software services and products	9,72,28,840	5,57,94,342
Software development expenses	9,49,99,233	5,37,32,436
GROSS PROFIT	22,29,607	20,61,906
Selling and marketing expenses	8,25,429	20,525
General and administration expenses	47,33,613	17,72,241
	55,59,042	17,92,766
OPERATING PROFIT BEFORE DEPRECIATION	(33,29,435)	2,69,140
Interest expense	3,98,761	3,32,842
Depreciation and amortization	20,739	2,30,130
OPERATING PROFIT	(37,48,935)	(2,93,832)
Other income	49	(9,264)
PROFIT BEFORE TAX	(37,48,886)	(3,03,096)
Tax expense:		
Current tax	98,860	22,924
Deferred tax	60,05,164	(75,491)
PROFIT FOR THE PERIOD	(98,52,910)	(2,50,529)

The accompanying notes form an integral part of the standalone financial statements
As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Ronald Hafner
Director

Bengaluru
January 9, 2015

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Lodestone Management Consultants GmbH (Germany)

Independent Auditors' Report

To the Members of Lodestone Management Consultants GmbH (Germany)

Report on the standalone Financial Statements

We have audited the accompanying standalone financial statements of Lodestone Management Consultants GmbH ('the Company'), which comprises the Balance sheet as at December 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2014 and its loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, We report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

For Shenoy & Kamath
Chartered accountants,
Firm's Registration no. 006673S

Place: Bengaluru
Date: January 9, 2015

M. Rathnakar Kamath
Partner
Membership no. 202841.

Balance Sheet

in ₹

Particulars	Note	As at December 31,	
		2014	2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	65,36,435	65,36,435
Reserves and surplus	2.2	35,55,93,315	54,87,04,458
		36,21,29,750	55,52,40,893
CURRENT LIABILITIES			
Trade payables	2.3	42,73,60,388	20,15,04,707
Other current liabilities	2.4	1,90,12,71,913	87,94,19,099
Short-term provisions	2.5	26,79,64,989	25,68,88,276
		2,59,65,97,290	1,33,78,12,082
		2,95,87,27,040	1,89,30,52,975
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.6	2,24,78,963	1,65,73,289
		2,24,78,963	1,65,73,289
Long-term loans and advances	2.8	16,99,18,683	4,224
		19,23,97,646	1,65,77,513
CURRENT ASSETS			
Trade receivables	2.9	1,42,56,59,100	1,09,10,75,513
Cash and cash equivalents	2.10	51,06,13,683	35,07,81,073
Short-term loans and advances	2.11	83,00,56,611	43,46,18,876
		2,76,63,29,394	1,87,64,75,462
		2,95,87,27,040	1,89,30,52,975
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached

for Shenoy & Kamath

Chartered Accountants

Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner

Karsten Ötschmann
Director

Membership Number: 202841

Bengaluru
January 9, 2015

Statement of Profit and Loss

in ₹

Particulars	Note	Year ended December 31,	
		2014	2013
Income from consultancy services		6,79,60,55,913	6,25,89,30,850
Other income	2.12	(2,81,32,564)	(39,09,747)
Total revenue		6,76,79,23,349	6,25,50,21,103
Expenses			
Employee benefit expenses	2.13	3,52,59,22,936	2,71,28,26,733
Cost of technical sub-contractors	2.13	2,25,96,44,302	2,37,12,93,684
Travel expenses	2.13	74,20,75,569	64,38,26,147
Cost of software packages and others	2.13	6,66,653	6,43,414
Communication expenses	2.13	5,99,79,484	5,75,53,352
Professional charges		16,37,18,915	15,65,11,616
Depreciation and amortization expense	2.6	98,89,795	1,50,17,210
Other expenses	2.13	10,95,68,001	6,94,44,390
Interest expense		–	69,508
Total expenses		6,87,14,65,655	6,02,71,86,054
PROFIT BEFORE TAX		(10,35,42,306)	22,78,35,049
Tax expense:			
Current tax	2.14	6,46,54,560	6,69,01,938
Deferred tax	2.14	–	6,44,695
PROFIT / (LOSS) FOR THE YEAR		(16,81,96,866)	16,02,88,416
EARNINGS PER EQUITY SHARE			
Equity shares of par value EUR 50 / - each			
Basic		(97,789)	93,191
Diluted		(97,789)	93,191
Number of shares used in computing earnings per share			
Basic		1,720	1,720
Diluted		1,720	1,720
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner

Karsten Ötschmann
Director

Membership Number: 202841

Bengaluru
January 9, 2015

Cash Flow Statement

in ₹

Particulars	Note	Year ended December 31, 2014	Year ended December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		(10,35,42,306)	22,78,35,049
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		98,89,795	1,50,17,210
Interest and dividend income		–	(15,952)
Provision for bad and doubtful debts		2,12,44,962	(17,46,030)
Effect of exchange differences on translation of assets and liabilities		(2,28,22,436)	5,87,33,974
Other non-cash items		2,09,77,750	49,42,937
Changes in assets and liabilities			
Trade receivables		(35,58,28,549)	(11,03,81,739)
Loans and advances and other assets		(52,96,87,002)	(31,30,89,673)
Liabilities and provisions		1,20,10,23,545	34,94,98,275
		24,12,55,759	23,07,94,051
Income taxes paid		(6,35,35,839)	(3,08,60,059)
NET CASH GENERATED BY OPERATING ACTIVITIES		17,77,19,920	19,99,33,992
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure		(1,78,87,310)	(1,40,75,302)
Interest and dividend received		–	15,952
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(1,78,87,310)	(1,40,59,350)
NET CASH USED IN FINANCING ACTIVITIES		–	–
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		15,98,32,610	18,58,74,642
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		35,07,81,073	16,49,06,431
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		51,06,13,683	35,07,81,073
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements
As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Karsten Ötschmann
Director

Bengaluru
January 9, 2015

Significant accounting policies

Company overview

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

1 Significant accounting policies

1.1 Accounting year

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

1.2. Basis of preparation of financial statements

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

1.3 Reporting currency

The Company's reporting currency is INR

1.4 Use of estimates

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

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

1.5 Revenue recognition

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

An expected project loss is recognized as an expense immediately.

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

1.6 Provisions and contingent liabilities

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

1.7 Post-sales client support and warranties

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

1.8 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

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

1.10 Intangible assets

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

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

1.11 Depreciation and amortization

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

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

[(1)] *For these class of assets, based on 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. 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.*

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

1.12 Impairment

The Management periodically assesses using external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13 Benefits to employees

Compensated absences

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

1.14 Foreign currency transactions

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

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

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.15 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

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

1.16 Earnings per share

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

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

1.17 Cash and cash equivalents

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

1.18 Cash flow statement

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

1.19 Leases

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

2 Notes on accounts for the year ended December 31, 2014

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

2.1 Share capital

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Authorized		
1,720 (1,720) equity shares of EUR 50 / - par value	65,36,435	65,36,435
Issued, Subscribed and Paid-Up		
1,720 (1,720) equity shares of EUR 50 / - par value		
(Of the above, 1,720 equity shares are held by the holding company, Lodestone Holding AG)	65,36,435	65,36,435

The details of shareholder holding more than 5% shares as at December 31, 2014 and December 31, 2013 are set out below :

Name of the shareholder	As at December 31,			
	2014		2013	
	No. of shares	% held	No. of shares	% held
Lodestone Holding AG	1,720	100	1,720	100

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2014 and December 31, 2013 is set out below:

in ₹

Particulars	As at December 31, 2014		As at December 31, 2013	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning	1,720	65,36,435	1,720	65,36,435
Add: Shares issued during the year	–	–	–	–
Number of shares at the end	1,720	65,36,435	1,720	65,36,435

2.2 Reserves and surplus

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Foreign currency translation reserve – Opening balance	8,30,72,722	2,20,81,523
Add: Foreign currency translation during the year	(2,49,14,277)	6,09,91,199
Foreign currency translation reserve – Closing balance	5,81,58,445	8,30,72,722
Surplus- Opening Balance	46,56,31,736	30,53,43,320
Add: Net profit / (loss) after tax transferred from Statement of Profit and Loss	(16,81,96,866)	16,02,88,416
Surplus-Closing Balance	29,74,34,870	46,56,31,736
	35,55,93,315	54,87,04,458

2.3 Trade payables

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Trade payables [(1)]	42,73,60,388	20,15,04,707
	42,73,60,388	20,15,04,707
[(1)] *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.16)*	37,05,47,774	10,91,05,404

2.4 Other current liabilities

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Accrued salaries and benefits		
Salaries and benefits	6,38,046	1,43,30,801
Bonus and incentives	16,99,85,853	23,51,81,499
Other liabilities		
Employee advances		
Provision for expenses [(1)]	46,50,21,684	33,11,36,385
Withholding and other taxes payable	60,23,30,444	12,62,46,128
Other payables [(2)]	50,13,35,238	1,92,312
Advances received from clients	5,36,130	15,68,78,584
Unearned revenue	16,14,24,518	1,54,53,390
	1,90,12,71,913	87,94,19,099
[(1)] *Includes dues to fellow subsidiaries (Refer to Note 2.16)*	–	4,12,75,884
[(2)] *Includes dues to ultimate holding company and fellow subsidiaries (Refer to Note 2.16)*	48,51,26,832	1,92,312

2.5 Short-term provisions

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Provision for employee benefits		
Unavailed leave	12,00,74,662	16,50,23,149
Provision for post-sales client support and warranties	2,41,93,535	49,52,248
Provision for Income taxes	12,36,96,792	8,69,12,879
	26,79,64,989	25,68,88,276

Provision for post-sales client support and warranties

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

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Balance at the beginning	49,52,248	–
Provision recognized / (reversal)	2,09,77,750	49,42,937
Provision utilized	–	–
Exchange difference during the period	(1,73,463)	9,311
Balance at the end	2,41,93,535	49,52,248

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

2.6 Fixed assets

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

in ₹, except as otherwise stated

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

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2013:

in ₹, except as otherwise stated

Particulars	Tangible assets					Total
	Plant and equipment	Office equipment	Computer equipment	Furniture and fixtures	Vehicles	
Original cost						
As at January 1, 2013	–	3,03,361	2,97,07,197	73,00,821	–	3,73,11,379
Additions / aAdjustments during the period	–	–	1,40,75,302	–	–	1,40,75,302
Deductions / retirement during the period		52,701	63,58,605	12,68,308	–	76,79,614
As at December 31, 2013	–	3,56,062	5,01,41,104	85,69,129	–	5,90,66,295
Depreciation and amortization						
As at January 1, 2013	–	1,47,095	1,96,63,986	22,42,326		2,20,53,407
For the period	–	1,62,081	1,24,96,077	23,59,052	–	1,50,17,210
Deductions / adjustments during the period	–	46,886	47,76,441	5,99,062	–	54,22,389
As at December 31, 2013	–	3,56,062	3,69,36,504	52,00,440	–	4,24,93,006
Net book value						
As at December 31, 2013	–	–	1,32,04,600	33,68,689	–	1,65,73,289

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

The existing and revised useful lives are as below:

Category of assets	Earlier useful life (Years)	Current useful life (Years)
Plant and machinery	5	5
Computer equipment	2-5	3-5
Furniture and fixtures	5	5
Vehicles	5	5

Had the Company continued with the previously assessed useful lives, charge for depreciation for the year ended December 31, 2014 would have been higher by ₹2,627,083 respectively, for assets held at April 1, 2014. The revision of the useful lives will result in the following changes in the depreciation expense as compared to the original useful life of the assets.

Particulars	Year ended December, 2015	Year ended December, 2016	After year ended December, 2016
Increase / (decrease) in depreciation expense	3,85,248	19,31,964	3,09,871

The Company has entered into lease-cum-sale agreements to acquire certain properties. In accordance with the terms of some of these agreements, the Company has the option to purchase or renew the properties on expiry of the lease period.

2.7 Leases

Obligations on long-term, non-cancellable operating leases

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

in ₹

Particulars	Year ended December 31,	
	2014	2013
Lease rentals recognized during the period	1,47,26,084	1,11,51,349

in ₹

Particulars	As at December 31,	
	2014	2013
Lease obligations payable		
Within one year of the Balance Sheet date	87,24,826	1,47,84,009
Due in a period between one year and five years	3,48,99,306	5,91,36,037
Due after five years	3,82,43,823	36,85,876

2.8 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Advance income taxes	3,56,69,416	4,224
Loans and advances to employees	13,42,49,267	–
	16,99,18,683	4,224

2.9 Trade receivables

in ₹

Particulars	As at December 31,	
	2014	2013
Other debts		
Unsecured		
Considered good [1]	1,44,58,25,314	1,09,10,75,513
	1,44,58,25,314	1,09,10,75,513
Less: Provision for doubtful debts	2,01,66,214	–
	1,42,56,59,100	1,09,10,75,513
	1,42,56,59,100	1,09,10,75,513
[1] *Includes dues from fellow subsidiaries (Refer to Note 2.16)*	50,19,35,246	23,13,00,118

2.10 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2014	2013
Cash on hand	81,784	11,784
Balances with banks		
In current accounts	51,05,31,899	35,07,69,289
	51,06,13,683	35,07,81,073

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

in ₹

Particulars	As at December 31,	
	2014	2013
In current accounts		
Commerzbank (EURO)	51,05,31,899	35,07,38,384
Commerzbank (USD)	–	30,905
Total bank balances	51,05,31,899	35,07,69,289

2.11 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Others	–	13,25,976
Advances		
Prepaid expenses	32,34,098	51,30,035
Withholding and other taxes receivable	48,71,02,339	20,99,37,057
Others [1]	1,68,30,191	96,759
	50,71,66,628	21,64,89,827
Unbilled revenues	31,33,97,339	21,13,86,861
Loans and advances to employees		
Salary advances	919	3,08,628
Rental deposits	94,91,725	64,33,560
	83,00,56,611	43,46,18,876
[1] *Includes dues from fellow subsidiaries(Refer to Note 2.16)*	1,66,77,011	

2.12 Other income

in ₹

Particulars	Year ended December 31,	
	2014	2013
Interest received on deposits with banks and others	–	15,952
Miscellaneous income, net	1,47,607	77,74,395
Gains / (losses) on foreign currency, net	(2,82,80,171)	(1,17,00,094)
	(2,81,32,564)	(39,09,747)

2.13 Expenses

in ₹

Particulars	Year ended December 31,	
	2014	2013
Employee benefit expenses		
Salaries and bonus	3,51,65,80,365	2,67,31,26,749
Staff welfare	93,42,571	3,96,99,984
	3,52,59,22,936	2,71,28,26,733
Cost of technical sub-contractors	2,25,96,44,302	2,37,12,93,684
Travel expenses		
Traveling and conveyance	74,20,75,569	64,38,26,147
	74,20,75,569	64,38,26,147
Cost of software packages and others		
For own use	6,66,653	6,43,414
	6,66,653	6,43,414
Communication expenses		
Telephone charges	5,99,79,484	5,75,53,352
	5,99,79,484	5,75,53,352
Other expenses		
Office maintenance	56,56,126	35,69,421
Power and fuel	15,15,395	10,59,054
Brand building	72,25,040	72,82,343
Rent	1,47,26,084	1,11,51,349
Rates and taxes, excluding taxes on income	26,04,338	29,54,347
Repairs to plant and machinery	21,213	53,342
Computer maintenance	18,76,988	15,74,114
Insurance charges	4,43,351	33,17,852
Provision for post-sales client support and warranties	2,09,77,750	49,42,937
Provision for bad and doubtful debts and advances	2,12,44,962	(17,46,030)
Auditor's remuneration		–
Statutory audit fees	82,51,140	62,99,690
Bank charges	13,00,697	17,25,223
Miscellaneous expenses	2,37,24,917	2,72,60,748
	10,95,68,001	6,94,44,390

2.14 Tax expense

in ₹

Particulars	Year ended December 31,	
	2014	2013
Current tax		
Income taxes	6,46,54,560	6,69,01,938
Deferred taxes	–	6,44,695
	6,46,54,560	6,75,46,633

2.15 Quantitative details

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

2.16 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at December 31,	
		2014	2013
Lodestone Holding AG	Switzerland	100%	100%

Name of ultimate holding company	Country
Infosys Limited	India

Name of fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Mexico	Mexico
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Brasil	Brazil
Infosys Public Services, Inc.	U.S.
Infosys Consulting India Limited (1)	India
Infosys Americas (2)	U.S.
Infosys BPO s.r.o (3)	Czech Republic
Infosys BPO (Poland) Sp. z o.o (3)	Poland
Infosys BPO S. de R. L. de C. V. (3)(11)	Mexico
Infosys McCamish Systems LLC (3)	U.S.
Portland Group Pty. Ltd. (3)	Australia
Portland Procurement Services Pty. Ltd. (7)	Australia
Infosys Australia (4)	Australia
EdgeVerve Systems Limited (10)	India
Lodestone Management Consultants (Canada) Inc. (5)(9)	Canada
Lodestone Management Consultants Inc. (5)	U.S.
Lodestone Management Consultants Pty. Limited (5)	Australia
Lodestone Management Consultants AG (5)	Switzerland
Lodestone Augmentis AG (8)	Switzerland
Hafner Bauer & Ödman GmbH (5)	Switzerland
Lodestone Management Consultants (Belgium) S.A. (6)	Belgium
Lodestone Management Consultants Pte Ltd. (5)	Singapore
Lodestone Management Consultants SAS (5)	France
Lodestone Management Consultants s.r.o. (5)	Czech Republic
Lodestone Management Consultants GmbH (5)	Austria
Lodestone Management Consultants China Co., Ltd. (5)	China
Lodestone Management Consultants Ltd. (5)	U.K.
Lodestone Management Consultants BV (5)	Netherlands
Lodestone Management Consultants Ltda. (6)	Brazil
Lodestone Management Consultants sp. z o.o. (5)	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA (5)	Portugal
SC Lodestone Management Consultants S.R.L. (5)	Romania
Lodestone Management Consultants S.R.L. (5)	Argentina
Infosys Canada Public Services Ltd. (12)	Canada

(1) *The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.*
(2) *Incorporated effective June 25, 2013*
(3) *Wholly-owned subsidiaries of Infosys BPO.*
(4) *Under liquidation*
(5) *Wholly-owned subsidiaries of Lodestone Holding AG*
(6) *Majority-owned and controlled subsidiaries of Lodestone Holding AG*
(7) *Wholly-owned subsidiary of Portland Group Pty. Ltd. Liquidated effective May 14, 2014.*
(8) *Wholly-owned subsidiary of Lodestone Management Consultants AG*
(9) *Liquidated effective December 31, 2013*
(10) *Incorporated effective February 14, 2014*
(11) *Incorporated effective February 14, 2014*
(12) *Incorporated effective December 19, 2014, wholly-owned subsidiary of Infosys Public Services, Inc.*

The details of amounts due to or due from as at December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
Trade receivables		
Lodestone Management Consultants Inc.	1,60,91,932	38,14,546
Lodestone Management Consultants AG	12,18,55,875	7,21,66,262
Lodestone Management Consultants (Belgium) S.A.	–	12,46,361
Lodestone Management Consultants Pte Ltd.	10,63,399	–
Lodestone Management Consultants SAS	3,52,67,119	1,00,96,361
Lodestone Management Consultants China Co., Ltd.	1,99,134	1,13,32,262
Lodestone Management Consultants Ltd.	30,82,28,750	11,21,78,886
Lodestone Management Consultants BV	1,92,29,037	2,04,50,538
Lodestone Management Consultants sp. z.o.o.	–	–
FX Valuation on above	–	14,902
Total	50,19,35,246	23,13,00,118
Trade payables		
Lodestone Management Consultants Inc.	–	50,81,629
Lodestone Management Consultants AG	8,10,03,706	5,53,41,811
Lodestone Management Consultants (Belgium) S.A.	88,69,209	11,61,144
Lodestone Management Consultants s.r.o.	56,56,694	37,23,043
Lodestone Management Consultants GmbH	1,55,00,248	45,03,725
Lodestone Management Consultants Ltd.	13,08,58,368	72,57,518
Lodestone Management Consultants BV	2,34,81,377	51,55,224
Lodestone Management Consultants SAS	76,50,303	41,00,412
Lodestone Management Consultants Sp. z o.o.	2,95,52,248	1,27,07,147
Lodestone Management Consultants Portugal, Unipessoal, LDA	1,30,79,771	34,54,481

Particulars	As at December 31,	
	2014	2013
SC Lodestone Management Consultants S.R.L.	3,99,72,241	61,10,984
Lodestone Management Consultants Ltda.	47,08,595	–
Lodestone Management Consultants Co., Ltd.	1,02,15,014	–
FX valuation on above	–	5,08,285
Total	37,05,47,774	10,91,05,403
Other payables		
Infosys Limited	79,72,090	1,92,312
Lodestone Management Consultants AG	2,12,35,752	–
Lodestone Management Consultants Ltd.	44,84,58,151	–
Lodestone Management Consultants Inc.	29,47,971	–
Lodestone Management Consultants Ltd.	45,12,868	–
FX Valuation on above	–	–
Total	48,51,26,832	1,92,312
Other receivables		
Lodestone Management Consultants SAS	9,71,805	–
Lodestone Management Consultants Co., Ltd.	1,57,05,206	–
Total	1,66,77,011	–
Provision for expenses		
Lodestone Management Consultants Ltd.	–	4,12,75,884
Total	–	4,12,75,884

The details of the related party transactions entered into by the Company for the year ended December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	Year ended December 31,	
	2014	2013
Revenue transactions:		
Purchase of services		
Lodestone Management Consultants Pty. Limited	3,36,542	–
Lodestone Management Consultants (Belgium) S.A.	7,75,44,098	3,39,12,494
Lodestone Management Consultants AG	44,08,89,480	65,86,67,974
Lodestone Management Consultants s.r.o.	7,49,69,876	3,57,02,262
Lodestone Management Consultants Ltd.	22,77,58,868	12,55,58,951
Lodestone Management Consultants BV	3,15,62,766	1,20,90,628
Lodestone Management Consultants Sp. z o.o.	25,90,25,848	8,51,96,842
Lodestone Management Consultants Portugal, Unipessoal, LDA	5,29,63,234	5,58,36,634
S.C. Lodestone Management Consultants S.R.L.	9,55,31,767	4,20,50,439
Lodestone Management Consultants Pte Ltd.	64,48,160	–
Lodestone Management Consultants Inc.	27,48,548	3,24,55,732
Lodestone Management Consultants GmbH	8,84,66,832	4,75,75,848

Particulars	Year ended December 31,	
	2014	2013
Lodestone Management Consultants (Canada) Inc.	–	3,86,499
Lodestone Management Consultants Co., Ltd.	4,34,05,631	4,31,32,346
Lodestone Management Consultants Ltda.	50,39,719	–
Lodestone Management Consultants SAS	84,78,714	40,74,296
Total	1,41,51,70,083	1,17,66,40,945
Sales of services		
Infosys Limited	4,17,30,086	–
Lodestone Management Consultants (Belgium) S.A.	2,87,04,269	77,29,751
Lodestone Management Consultants AG	85,59,92,346	79,67,32,133
Lodestone Management Consultants SAS	3,85,86,526	99,84,736
Lodestone Management Consultants Ltd.	70,45,15,357	92,08,59,742
Lodestone Management Consultants Inc.	4,23,32,365	2,39,79,922
Lodestone Management Consultants Pte Ltd.	57,53,792	–
Lodestone Management Consultants BV	2,40,38,016	5,51,11,476
Lodestone Management Consultants (Canada) Inc.	–	83,706
Lodestone Management Consultants Co., Ltd.	2,08,364	–
Total	1,74,18,61,121	1,81,44,81,466

2.17 Segment reporting

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

2.18 Function wise classification of Statement of Profit and Loss

in ₹

Statement of Profit and Loss account for the	Year ended December 31,	
	2014	2013
Income from consultancy services	6,79,60,55,913	6,25,89,30,850
Software development expenses	6,02,56,77,988	5,52,00,41,908
GROSS PROFIT	77,03,77,925	73,88,88,942
Selling and marketing expenses	33,10,73,880	2,38,86,925
General and administration expenses	50,48,23,992	46,81,70,503
	83,58,97,872	49,20,57,428
OPERATING PROFIT BEFORE INTEREST AND DEPRECIATION	(6,55,19,947)	24,68,31,514
Finance cost	–	69,508
Depreciation and amortization	98,89,795	1,50,17,210
OPERATING PROFIT	(7,54,09,742)	23,17,44,796
Other income	(2,81,32,564)	(39,09,747)
PROFIT BEFORE TAX	(10,35,42,306)	22,78,35,049
Tax expense:		
Current tax	6,46,54,560	6,69,01,938
Deferred tax	–	6,44,695
PROFIT / (LOSS) FOR THE YEAR	(16,81,96,866)	16,02,88,416

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

Karsten Ötschmann
Director

Bengaluru
January 9, 2015

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Lodestone Management
Consultants Inc.

Independent Auditors' Report

To the Members of Lodestone Management Consultants Inc.

Report on the standalone Financial Statements

We have audited the accompanying standalone financial statements of Lodestone Management Consultants Inc. ('the Company'), which comprises the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and the Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2014 and its Loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Place: Bengaluru
Date: January 9, 2015

Balance Sheet

in ₹

Particulars	Note	As at December 31, 2014	As at December 31, 2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	62,07,500	62,07,500
Reserves and surplus	2.2	4,22,888	7,02,21,231
		66,30,388	7,64,28,731
CURRENT LIABILITIES			
Short term borrowings	2.4	10,39,23,974	27,40,02,931
Trade payables	2.5	4,22,55,162	7,72,73,592
Other current liabilities	2.6	19,27,49,019	16,64,27,943
Short-term provisions	2.7	3,85,81,666	1,29,15,813
		37,75,09,821	53,06,20,279
		38,41,40,209	60,70,49,010
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.8	7,27,711	13,68,145
		7,27,711	13,68,145
Deferred tax assets (net)	2.3	8,01,04,898	3,37,77,037
Long-term loans and advances	2.10	5,46,83,171	9,50,99,410
		13,55,15,780	13,02,44,592
CURRENT ASSETS			
Trade receivables	2.11	20,33,33,398	39,24,71,283
Cash and cash equivalents	2.12	2,45,35,020	3,76,76,231
Short-term loans and advances	2.13	2,07,56,011	4,66,56,904
		24,86,24,429	47,68,04,418
		38,41,40,209	60,70,49,010
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Jürgen Bauer
Director

Ronald Hafner
Director

Bengaluru
January 9, 2015

Statement of Profit and Loss

in ₹

Particulars	Note	Year ended December 31, 2014	Year ended December 31, 2013
Income from consultancy services		1,74,77,70,677	179,85,62,785
Other income	2.14	(14,20,836)	(61,88,360)
Total revenue		1,74,63,49,841	179,23,74,425
Expenses			
Employee benefit expenses	2.15	78,15,89,727	58,75,55,255
Cost of technical sub-contractors	2.15	64,11,04,944	69,65,64,224
Travel expenses	2.15	24,94,47,008	18,10,66,295
Communication expenses	2.15	68,81,544	57,65,749
Professional charges		5,81,68,156	5,07,56,501
Finance cost		29,74,760	57,42,746
Depreciation and amortization expenses		28,41,180	22,02,094
Other expenses	2.15	1,61,17,438	91,09,386
Total expenses		1,75,91,24,757	153,87,62,250
PROFIT BEFORE TAX		(1,27,74,916)	25,36,12,175
Tax expense			
Current tax	2.16	9,96,38,584	3,37,823
Deferred tax	2.16	(4,69,91,586)	3,97,399
PROFIT / (LOSS) FOR THE PERIOD		(6,54,21,914)	25,28,76,953
EARNINGS PER EQUITY SHARE			
Shares of US$ 1000 / - par value each			
Basic		(6,54,219)	25,28,770
Number of shared used in computing earnings per share			
Basic		100	100
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Jürgen Bauer
Director

Ronald Hafner
Director

Bengaluru
January 9, 2015

Cash Flow Statement

in ₹

Particulars	Note	Year ended December 31, 2014	Year ended December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		(1,27,74,916)	25,36,12,175
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		28,41,180	22,02,094
Effect of exchange differences on translation of assets and liabilities		(43,75,022)	(1,65,77,370)
Provision for bad and doubtful debts		1,79,783	–
Finance cost		29,74,760	57,42,746
Changes in assets and liabilities			
Trade receivables		18,89,58,102	(22,34,06,893)
Loans and advances and other assets		7,60,82,740	(5,58,28,208)
Liabilities and provisions		(38,87,643)	8,58,74,929
		24,99,98,984	5,16,19,473
Income taxes paid		(8,78,84,325)	(1,90,70,571)
NET CASH GENERATED BY OPERATING ACTIVITIES		16,21,14,659	3,25,48,902
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure (including intangible assets)		(22,02,153)	(17,49,642)
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(22,02,153)	(17,49,642)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from parent company		(17,00,78,957)	(4,82,09,346)
Finance Cost		(29,74,760)	(57,42,746)
NET CASH USED IN FINANCING ACTIVITIES		(17,30,53,717)	(5,39,52,092)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(1,31,41,211)	(2,31,52,832)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		3,76,76,231	6,08,29,063
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		2,45,35,020	3,76,76,231
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants

Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Jürgen Bauer
Director

Ronald Hafner
Director

Bengaluru
January 9, 2015

Significant accounting policies

Company overview

Lodestone Management Consultants Inc. is a wholly-owned subsidiary of Lodestone Holding AG, Kloten (Switzerland). The Company render professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

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

1.3 Reporting currency

The Company's reporting currency is the INR.

1.4 Use of estimates

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

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

1.5 Revenue recognition

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

An expected project loss is recognized as an expense immediately.

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

1.6 Provisions and contingent liabilities

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

1.7 Post-sales client support and warranties

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

1.8 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

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

1.10 Intangible assets

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

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

1.11 Depreciation and amortization

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

Buildings [(1)]	22-25 years
Plant and machinery [(1)]	5 years
Office equipment	5 years
Computer equipment [(1)]	3-5 years
Furniture and fixtures [(1)]	5 years
Vehicles [(1)]	5 years

[(1)] *For these class of assets, based on 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. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.*

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end. *(Refer to Note 2.8)*

1.12 Impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13 Benefits to employees

Compensated absences

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

1.14 Foreign currency transactions in the books of holding company

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

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

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.15 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

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

1.16 Cash and cash equivalents

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

1.17 Cash Flow Statement

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

1.18 Leases

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

1.19 Earnings per share

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

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

2 Notes on accounts for the year ended December 31, 2014

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

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2014	2013
Authorized capital		
100 (100) equity shares of USD 1000 / - par value	62,07,500	62,07,500
Issued, subscribed and paid-up		
100 (100) equity shares of USD 1000 / - par value	62,07,500	62,07,500
(Of the above, 100 equity shares are held by the holding company, Lodestone Holding AG)		
	62,07,500	62,07,500

The details of shareholder holding more than 5% shares as at December 31, 2014 and December 31, 2013 is set out below :

in ₹

Name of the shareholder	As at December 31,			
	2014		2013	
	No. of shares	% held	No. of shares	% held
Lodestone Holding AG	100	100	100	100

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2014 and December 31, 2013 is set out below:

in ₹

Particulars	As at December 31,			
	2014		2013	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning	100	62,07,500	100	62,07,500
Add: Shares issued during the year	–	–	–	–
Number of shares at the end	100	62,07,500	100	62,07,500

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2014	2013
Foreign currency translation reserve – Opening balance	(2,26,33,342)	(60,78,656)
Add: Foreign currency translation during the year	(43,76,429)	(1,65,54,686)
Foreign currency translation reserve – Closing balance	(2,70,09,771)	(2,26,33,342)
Surplus – Opening Balance	9,28,54,573	(16,00,22,380)
Add: Net profit after tax transferred from Statement of Profit and Loss	(6,54,21,914)	25,28,76,953
Surplus – Closing Balance	2,74,32,659	9,28,54,573
	4,22,888	7,02,21,231

2.3 Deferred taxes

in ₹

Particulars	As at December 31,	
	2014	2013
Deferred tax assets		
Accumulated losses	–	3,37,77,037
Fixed assets	11,751	–
Unavailed leave	70,90,210	–
Accrued compensation to employees	6,83,33,529	–
Others	46,69,408	–
	8,01,04,898	3,37,77,037

2.4 Short-term borrowings

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured Loans (1)	10,39,23,974	27,40,02,931
	10,39,23,974	27,40,02,931
(1) *Includes dues to holding company (Refer to Note 2.18)*	10,39,23,974	27,40,02,931

2.5 Trade payables

in ₹

Particulars	As at December 31,	
	2014	2013
Trade payables (1)	4,22,55,162	7,72,73,592
	4,22,55,162	7,72,73,592
(1) *Includes dues to fellow subsidiaries (Refer to Note 2.18)*	4,15,92,758	1,71,66,749

2.6 Other current liabilities

in ₹

Particulars	As at December 31,	
	2014	2013
Accrued salaries and benefits		
Bonus and incentives	24,909,288	34,323,114
Other liabilities		
Provision for expenses	84,260,318	1,31,948,558
Unearned revenue	15,834,440	156,271
Other payables (1)	6,77,44,973	–
	19,27,49,019	1,66,427,943
(1) *Includes dues to fellow subsidiaries(Refer to Note 2.18)*	67,744,973	–

2.7 Short-term provisions

in ₹

Particulars	As at December 31,	
	2014	2013
Provision for employee benefits		
Unavailed leave	17,725,524	12,915,813
Provision for		
Income taxes (net of advance tax and TDS)	20,856,142	–
	38,581,666	12,915,813

2.8 Fixed assets

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

in ₹, except as otherwise stated

Particulars	Tangible assets		Total
	Office equipment	Computer equipment	
Original cost			
As at January 1, 2014	92,698	1,49,15,603	1,50,08,301
Additions / adjustments during the period	–	22,02,153	22,02,153
Deductions / retirement during the period	1,845	3,68,070	3,69,915
As at December 31, 2014	94,543	1,74,85,826	17,580,369
Depreciation and amortization			
As at January 1, 2014	74,673	1,35,65,483	1,36,40,156
For the period	17,889	28,23,291	28,41,180
Deductions / adjustments during the period	1,981	3,69,341	3,71,322
As at December 31, 2014	94,543	1,67,58,115	1,68,52,658
Net book value			
As at December 31, 2014	–	7,27,711	7,27,711

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2013:

in ₹, except as otherwise stated

Particulars	Tangible assets		Total
	Office equipment	Computer equipment	
Original cost			
As at January 1, 2013	82,414	1,17,05,282	1,17,87,696
Additions / adjustments during the period	–	17,49,642	17,49,642
Deductions / retirement during the period	10,284	14,60,679	14,70,963
As at December 31, 2013	92,698	1,49,15,603	1,50,08,301
Depreciation and amortization			
As at January 1, 2013	18,314	9,971,469	99,89,783
For the period	51,463	2,150,631	22,02,094
Deductions / adjustments during the period	4,896	1,443,383	14,48,279
As at December 31, 2013	74,673	1,35,65,483	1,36,40,156
Net book value			
As at December 31, 2013	18,025	13,50,120	13,68,145

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

The existing and revised useful lives are as below:

Category of assets	Earlier useful life (Years)	Current useful life (Years)
Building	15	22-25
Plant and machinery	5	5
Computer equipment	2-5	3-5
Furniture and fixtures	5	5
Vehicles	5	5

Had the Company continued with the previously assessed useful lives, charge for depreciation for the twelve month ended December 31, 2014 would have been higher by ₹315,706 respectively, for assets held at April 1, 2014. The revision of the useful lives will result in the following changes in the depreciation expense as compared to the original useful life of the assets.

in ₹

Particulars	Year ended December,		After Year ended December, 2016
	2015	2016	
Increase /(decrease) in depreciation expense	1,48,030	1,45,414	22,262

The Company has entered into lease-cum-sale agreements to acquire certain properties. In accordance with the terms of some of these agreements, the Company has the option to purchase or renew the properties on expiry of the lease period.

2.9 Leases

Obligations on long-term, non-cancellable operating leases

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

in ₹

Particulars	Year ended December 31,	
	2014	2013
Lease rentals recognized during the year	16,01,571	16,93,541

Lease obligations payable

in ₹

Particulars	As at December 31,	
	2014	2013
Within one year of the Balance Sheet date	2,37,976	–
Due in a period between one year and five years	–	–
Due after five years	–	–

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

2.10 Long-term loans and advances

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Unsecured, considered good		
Other loans and advances		
Advances to employees	1,46,73,930	6,48,55,777
Advance income taxes (net of provisions)	4,00,09,241	3,02,43,633
	5,46,83,171	9,50,99,410

2.11 Trade receivables

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Other debts		
Unsecured		
Considered good [(1)]	20,36,35,990	39,24,71,283
Less: Provision for doubtful debts	3,02,592	–
	20,33,33,398	39,24,71,283
[(1)] *Includes dues from fellow subsidiaries(Refer to Note 2.18)*	9,43,95,754	18,52,92,235

2.12 Cash and cash equivalents

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Balances with banks		
In current accounts	2,45,35,020	3,76,76,231
	2,45,35,020	3,76,76,231

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

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
In current accounts		
Bank of America (USD)	2,45,35,020	3,76,76,231
Total cash and cash equivalents as per Balance Sheet	2,45,35,020	3,76,76,231

2.13 Short-term loans and advances

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Others		
Prepaid expenses	1,42,180	34,50,350
Others [(1)]	75,34,966	–
	76,77,146	34,50,350
Unbilled revenues	1,17,44,355	4,10,48,226
Loans and advances to employees		
Salary advances	–	–
Rental deposits	13,34,510	21,58,328
	2,07,56,011	4,66,56,904
[(1)] *Includes dues from fellow subsidiaries (Refer to Note 2.18)*	57,87,089	–

2.14 Other income

in ₹

Particulars	Year ended December 31, 2014	Year ended December 31, 2013
Gains / (losses) on foreign currency, net	(14,20,836)	(61,88,360)
	(14,20,836)	(61,88,360)

2.15 Expenses

in ₹

Particulars	Year ended December 31, 2014	Year ended December 31, 2013
Employee benefit expenses		
Salaries and bonus	77,32,16,003	58,35,93,684
Staff welfare	83,73,724	39,61,571
	78,15,89,727	58,75,55,255
Cost of technical sub-contractors		
Technical sub-contractors – subsidiaries	23,48,01,898	28,66,49,167
Technical sub-contractors – others	40,63,03,046	40,99,15,057
	64,11,04,944	69,65,64,224
Travel expenses		
Traveling and conveyance	24,94,47,008	18,10,66,295
	24,94,47,008	18,10,66,295
Communication expenses		
Telephone charges	68,81,544	57,65,749
	68,81,544	57,65,749
Finance cost		
Interest on loan from subsidiaries	29,74,760	57,42,746
	29,74,760	57,42,746

in ₹

Particulars	Year ended December 31, 2014	Year ended December 31, 2013
Other expenses		
Rent	16,01,571	16,93,541
Rates and taxes, excluding taxes on income	2,60,883	–
Computer maintenance	4,38,004	1,82,623
Insurance charges	30,711	2,94,482
Professional membership and seminar participation fees	2,19,176	4,43,531
Provision for post-sales client support and warranties	(3,201)	–
Provision for bad and doubtful debts and advances	1,79,783	–
Auditor's remuneration		
Statutory audit fees	4,01,932	–
Bank charges	4,79,915	4,06,243
Miscellaneous expenses	1,25,08,664	60,88,966
	1,61,17,438	91,09,386

2.16 Tax expense

in ₹

Particulars	Year ended December 31, 2014	Year ended December 31, 2013
Current tax		
Income taxes	9,96,38,584	3,37,823
Deferred taxes	(4,69,91,586)	3,97,399
	5,26,46,998	7,35,222

2.17 Quantitative details

The Company is primarily engaged in the business of consultancy services. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per revised Schedule VI to the Companies Act, 1956.

2.18 Related party transactions

List of related parties:

in ₹

Name of holding company	Country	Holding as at December 31,	
		2014	2013
Lodestone Holding AG	Switzerland	100%	100%

Name of ultimate holding company	Country
Infosys Limited	India

Name of fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Mexico	Mexico
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Brasil	Brazil
Infosys Public Services, Inc.	U.S.
Infosys Consulting India Limited [1]	India
Infosys Americas [2]	U.S.
Infosys BPO s.r.o [3]	Czech Republic
Infosys BPO (Poland) Sp. z o.o. [3]	Poland
Infosys BPO S. de R.L. de C.V. [3][11]	Mexico
Infosys McCamish Systems LLC [3]	U.S.
Portland Group Pty. Ltd. [3]	Australia
Portland Procurement Services Pty. Ltd. [7]	Australia
Infosys Australia [4]	Australia
EdgeVerve Systems Limited [10]	India
Lodestone Management Consultants (Canada) Inc. [5][9]	Canada
Lodestone Management Consultants Pty. Limited [5]	Australia
Lodestone Management Consultants AG [5]	Switzerland
Lodestone Augmentis AG [8]	Switzerland
Hafner Bauer & Ödman GmbH [5]	Switzerland
Lodestone Management Consultants (Belgium) S.A. [6]	Belgium
Lodestone Management Consultants GmbH [5]	Germany
Lodestone Management Consultants Pte Ltd. [5]	Singapore
Lodestone Management Consultants SAS [5]	France
Lodestone Management Consultants s.r.o. [5]	Czech Republic
Lodestone Management Consultants GmbH [5]	Austria
Lodestone Management Consultants China Co., Ltd. [5]	China
Lodestone Management Consultants Ltd. [5]	U.K.
Lodestone Management Consultants BV [5]	Netherlands
Lodestone Management Consultants Ltda. [6]	Brazil
Lodestone Management Consultants sp. z o.o. [5]	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA [5]	Portugal
SC Lodestone Management Consultants S.R.L. [5]	Romania
Lodestone Management Consultants S.R.L. [5]	Argentina
Infosys Canada Public Services Ltd. [12]	Canada

[1] *The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.*

[2] *Incorporated effective June 25, 2013*

[3] *Wholly-owned subsidiaries of Infosys BPO.*

[4] *Under liquidation*

[5] *Wholly-owned subsidiaries of Lodestone Holding AG*

[6] *Majority-owned and controlled subsidiaries of Lodestone Holding AG*

[7] *Wholly-owned subsidiary of Portland Group Pty. Ltd.; liquidated effective May 14, 2014*

[8] *Wholly-owned subsidiary of Lodestone Management Consultant AG*

[9] *Liquidated effective December 31, 2013*

[10] *Incorporated effective February 14, 2014*

[11] *Incorporated effective February 14, 2014*

[12] *Incorporated effective December 19, 2014, wholly-owned subsidiary of Infosys Public Services, Inc.*

The details of amounts due to or due from as at December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
Trade receivables		
Lodestone Management Consultants AG	1,47,09,466	3,35,26,265
Lodestone Management Consultants Ltd.	7,96,86,288	14,66,67,363
Lodestone Management Consultants GmbH	–	50,98,607
Total	9,43,95,754	18,52,92,235
Trade payables		
Lodestone Management Consultants AG	2,62,72,253	99,45,678
Lodestone Management Consultants (Canada) Inc.	–	7,80,987
Lodestone Management Consultants GmbH	1,40,74,667	38,27,292
Lodestone Management Consultants sp. z o.o.	9,50,440	28,973
Lodestone Management Consultants Ltd.	2,16,282	–
Lodestone Management Consultants Ltda.	79,116	12,30,616
Lodestone Management Consultants Belgium SA	–	14,98,519
FX valuation on above	–	(1,45,316)
Total	4,15,92,758	1,71,66,749
Unsecured loans		
Lodestone Holding AG	10,39,23,974	27,40,02,931
Total	10,39,23,974	27,40,02,931
Other receivables		
Lodestone Management Consultants AG	28,39,119	–
Lodestone Management Consultants GmbH	29,47,970	–
Total	57,87,089	–
Other payables		
Lodestone Management Consultants AG	6,49,95,556	–
Lodestone Management Consultants GmbH	20,17,265	–
Lodestone Holding AG	7,32,152	–
Total	6,77,44,973	–

The details of the related party transactions entered into by the Company for the year ended December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	Year ended December 31,	
	2014	2013
Capital transactions		
Loan	17,85,91,500	(4,82,09,346)
Lodestone Holding AG		
Total	17,85,91,500	(4,82,09,346)
Revenue transactions		
Interest expense		
Lodestone Holding AG	29,74,760	57,42,746
Total	29,74,760	57,42,746
Purchase of shared services including facilities and personnel		
Lodestone Management Consultants (Canada) Inc.	–	3,53,32,878

Particulars	Year ended December 31,	
	2014	2013
Lodestone Management Consultants AG	10,93,64,656	16,71,38,509
Lodestone Management Consultants GmbH	4,22,71,670	2,40,24,169
Lodestone Management Consultants Ltd.	10,25,57,515	2,37,15,918
Lodestone Management Consultants sp. z o.o.	44,13,868	1,52,43,877
Lodestone Management Consultants Portugal, Unipessoal, LDA	–	32,22,945
SC Lodestone Management Consultants S.R.L.	–	1,41,37,305
Lodestone Management Consultants Ltda.	87,478	12,44,464
Lodestone Management Consultants BV	46,77,032	–
Lodestone Management Consultants (Belgium) S.A.	34,18,416	34,77,482
Total	26,67,90,635	28,75,37,547

Particulars	Year ended December 31,	
	2014	2013
Sale of shared services including facilities and personnel		
Lodestone Management Consultants AG	31,84,34,038	16,99,06,217
Lodestone Management Consultants GmbH	27,43,481	3,69,41,461
Lodestone Management Consultants Ltd.	1,01,39,39,900	58,69,92,870
Infosys Limited	1,67,17,859	–
Total	1,35,18,35,278	79,38,40,548

2.19 Segment reporting

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

2.20 Function-wise classification of Statement of Profit and Loss

in ₹

Particulars	Year ended December 31,	
	2014	2013
Income from consultancy services	1,74,77,70,677	1,79,85,62,785
Software development expenses	1,52,06,42,826	1,38,58,45,512
GROSS PROFIT	22,71,27,851	41,27,17,273
Selling and marketing expenses	7,88,46,622	33,53,072
General and administration expenses	15,38,19,369	14,16,18,826
	23,26,65,991	14,49,71,898
OPERATING PROFIT BEFORE INTEREST AND DEPRECIATION	(55,38,140)	26,77,45,375
Finance Cost	29,74,760	57,42,746
Depreciation and amortization	28,41,180	22,02,094
OPERATING PROFIT	(1,13,54,080)	25,98,00,535
Other income	(14,20,836)	(61,88,360)
PROFIT BEFORE TAX	(1,27,74,916)	25,36,12,175
Tax expense		
Current tax	9,96,38,584	3,37,823
Deferred tax	(4,69,91,586)	3,97,399
PROFIT / (LOSS) FOR THE PERIOD	(6,54,21,914)	25,28,76,953

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	Jürgen Bauer *Director*	Ronald Hafner *Director*

Bengaluru
January 9, 2015


Lodestone Management
Consultants Ltd.

Independent Auditors' Report

To the Members of Lodestone Management Consultants Ltd.

Report on the standalone Financial Statements

We have audited the accompanying standalone financial statements of Lodestone Management Consultants Ltd. ('the Company'), which comprises the Balance sheet as at December 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2014 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, We report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Place: Bengaluru
Date: January 9, 2015

Balance Sheet

in ₹

Particulars	Note	As at December 31, 2014	As at December 31, 2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	117	117
Reserves and surplus	2.2	22,88,43,377	18,35,41,378
		22,88,43,494	18,35,41,495
CURRENT LIABILITIES			
Short-term borrowings		55,02,39,723	–
Trade payables	2.3	75,99,43,507	64,96,99,581
Other current liabilities	2.4	88,13,51,651	1,42,85,88,513
Short-term provisions	2.5	8,65,08,083	22,95,04,009
		2,27,80,42,964	2,30,77,92,103
		2,50,68,86,458	2,49,13,33,598
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.6	1,52,99,693	1,31,85,005
Long-term loans and advances	2.8	3,43,61,620	1,87,48,735
		4,96,61,313	3,19,33,740
CURRENT ASSETS			
Trade receivables	2.9	88,74,38,095	37,52,82,195
Cash and cash equivalents	2.10	13,39,37,119	48,33,86,448
Short-term loans and advances	2.11	1,43,58,49,931	1,60,07,31,215
		2,45,72,25,145	2,45,93,99,858
		2,50,68,86,458	2,49,13,33,598
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Ronald Hafner
Director

Bengaluru
January 9, 2015

Statement of Profit and Loss

in ₹, except per share data

Particulars	Note	for the year ended December 31, 2014	2013
Income from consultancy services		5,73,61,33,591	6,07,22,21,106
Other income	2.12	(48,71,578)	(99,65,361)
Total revenue		5,73,12,62,013	6,06,22,55,745
Expenses			
Employee benefit expenses	2.13	3,80,15,52,017	3,63,67,51,994
Cost of technical sub-contractors	2.13	1,12,63,18,389	1,33,56,00,842
Travel expenses	2.13	43,33,70,915	53,75,54,182
Cost of software packages and others	2.13	–	3,47,216
Communication expenses	2.13	4,44,38,765	2,96,45,408
Professional charges		9,54,33,110	12,93,72,183
Interest expenses	2.13	95,09,295	–
Depreciation and amortization expenses	2.6	76,32,951	86,83,581
Other expenses	2.13	9,16,79,012	5,68,91,277
Total expenses		5,60,99,34,454	573,48,46,683
PROFIT BEFORE TAX		12,13,27,559	32,74,09,062
Tax expense	2.14		
Current tax		6,01,54,415	6,88,66,324
Deferred tax		–	1,37,41,099
PROFIT FOR THE PERIOD		6,11,73,144	24,48,01,639
EARNINGS PER EQUITY SHARE			
Equity shares of par value GBP 1 / - each			
Basic		1,223	4,896
Number of shares used in computing earnings per share			
Basic		50,000	50,000
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number:006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Ronald Hafner
Director

Bengaluru
January 9, 2015

Cash Flow Statement

in ₹

Particulars	for the year ended December 31, 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	12,13,27,559	32,74,09,062
Adjustments to reconcile profit before tax to cash provided by operating activities		
Provision for doubtful debts	2,63,97,793	–
Depreciation and amortization expense	76,32,951	86,83,581
Non-cash expense	4,20,656	3,55,103
Interest and dividend income	(52,02,597)	(14,62,658)
Effect of exchange differences on translation of assets and liabilities	(1,53,13,602)	3,73,22,451
Changes in assets and liabilities		
Trade receivables	(53,85,53,693)	(27,23,29,314)
Loans and advances and other assets	25,69,40,541	(1,16,01,98,913)
Liabilities and provisions	(56,78,54,239)	201,36,26,430
	(71,42,04,631)	95,34,05,742
Income taxes paid	(9,67,42,360)	(2,74,70,380)
NET CASH GENERATED BY OPERATING ACTIVITIES	(81,09,46,991)	92,59,35,362
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment towards capital expenditure	(1,03,05,182)	(1,34,95,502)
Proceeds from sale of fixed assets	–	36,67,215
Interest and dividend received	52,02,597	14,62,658
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES	(51,02,585)	(83,65,629)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan repayment to parent	(8,36,39,476)	(15,47,73,631)
Loan from / (to) parent	55,02,39,723	(28,30,68,568)
NET CASH USED IN FINANCING ACTIVITIES	46,66,00,247	(43,78,42,199)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(34,94,49,329)	47,97,27,534
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	48,33,86,448	36,58,914
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	13,39,37,119	48,33,86,448
SIGNIFICANT ACCOUNTING POLICIES		

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

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number:006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Ronald Hafner
Director

Bengaluru
January 9, 2015

Significant accounting policies and notes on accounts

Company overview

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

1. Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

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

1.3 Reporting currency

The Company's reporting currency is the INR.

1.4 Use of estimates

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

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

1.5 Revenue recognition

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

An expected project loss is recognized as an expense immediately.

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

1.6 Provisions and contingent liabilities

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

1.7 Post-sales client support and warranties

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

1.8 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work in progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.10 Intangible assets

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably.

1.11 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows:

Buildings [(1)]	22-25 years
Plant and machinery [(1)]	5 years
Office equipment	5 years
Computer equipment [(1)]	3-5 years
Furniture and fixtures [(1)]	5 years
Vehicles [(1)]	5 years

[(1)] *For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.*

Depreciation and amortization methods, useful lives and residual value are reviewed at each reporting date *(Refer to Note 2.6)*

1.12 Impairment

The Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13 Benefits to employees

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.14 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.15 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situations where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situations of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to Statement of Profit and Loss are credited to the share premium account.

1.16 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.17 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.18 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight-line basis in the Statement of Profit and Loss over the lease term.

1.19 Government grants

The Company recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to depreciable assets are treated as deferred income and are recognized in the Statement of Profit and Loss on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs which they are intended to compensate.

1.20 Earnings per share

Basic earnings per share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period.

2. Notes on accounts for the year ended December 31, 2014

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2014	2013
Authorized share capital		
50,000 (50,000) equity shares of GBP 1 / - par value	58,25,500	58,25,500
	58,25,500	58,25,500
Issued and subscribed capital		
50,000 (50,000) equity shares of GBP 1 / - par value	58,25,500	58,25,500
	58,25,500	58,25,500
Paid-up		
1 (1) equity shares of GBP 1 / - par value	117	117
	117	117

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2014	2013
Foreign currency translation reserve – Opening balance	1,34,54,846	1,00,26,341
Add: Foreign currency translation during the year	(1,58,71,145)	34,28,505
Foreign currency translation reserve – Closing balance	(24,16,299)	1,34,54,846
Surplus – Opening balance	17,00,86,532	(7,47,15,107)
Add: Net profit after tax transferred from Statement of Profit and Loss	6,11,73,144	24,48,01,639
Surplus – Closing balance	23,12,59,676	17,00,86,532
	22,88,43,377	18,35,41,378

2.3 Trade payables

in ₹

Particulars	As at December 31,	
	2014	2013
Trade payables(1)	75,99,43,507	64,96,99,581
	75,99,43,507	64,96,99,581
(1) Includes dues to holding and fellow subsidiaries (Refer to Note 2.15)	75,99,43,507	37,63,68,082

2.4 Other current liabilities

in ₹

Particulars	As at December 31,	
	2014	2013
Accrued salaries and benefits		
Bonus and incentives	15,19,67,223	19,44,97,910
Other liabilities (1)	34,95,89,063	1,08,80,39,486
Provision for expenses (2)	16,27,99,487	14,21,31,377
Withholding and other taxes payable	21,34,74,673	14,57,993
Unearned revenue	35,21,205	24,61,747
	88,13,51,651	1,42,85,88,513
(1) Includes liabilities to holding and fellow subsidiaries (Refer to Note 2.15)	34,95,88,596	1,08,80,39,486
(2) Includes provision for expenses to holding and fellow subsidiaries (Refer to Note 2.15)	–	68,55,944

2.5 Short-term provisions

in ₹

Particulars	As at December 31,	
	2014	2013
Provision for employee benefits		
Unavailed leave	2,94,57,707	16,02,69,333
Others		
Income taxes (net of advance tax and TDS)	5,63,22,863	6,88,78,142
Post-sales client support and warranties and other provisions	7,27,513	3,56,534
	8,65,08,083	22,95,04,009

Provision for post-sales client support and warranties and other provisions

The movement in the provision for post-sales client support and warranties and other provisions is as follows :

in ₹

Particulars	As at December 31,	
	2014	2013
Balance at the beginning	3,56,534	–
Provision recognized / (reversal)	4,20,656	3,55,103
Provision utilized	–	–
Exchange difference during the period	(49,677)	1,431
Balance at the end	7,27,513	3,56,534

Provision for post-sales client support is expected to be utilized over a period of six months to one year.

2.6 Fixed assets

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2014:

in ₹, except as otherwise stated

Particulars	Tangible assets		Total
	Leasehold Improvement	Computer equipment	
Original cost			
As at January 1, 2014	1,25,49,870	1,72,90,414	2,98,40,284
Additions / adjustments during the period	–	1,03,05,182	1,03,05,182
Deductions / retirement during the period	–	–	–
Foreign exchange difference	(4,70,589)	(8,74,230)	(13,44,819)
As at December 31, 2014	1,20,79,281	2,67,21,366	3,88,00,647
Depreciation and amortization			
As at January 1, 2014	60,65,259	1,05,90,020	1,66,55,279
For the period	25,51,360	50,81,591	76,32,951
Deductions / adjustments during the period	–	–	–
Foreign exchange difference	(2,83,896)	(5,03,380)	(7,87,276)
As at December 31, 2014	83,32,723	1,51,68,231	2,35,00,954
Net book value			
As at December 31, 2014	37,46,558	1,15,53,135	1,52,99,693

The changes in the carrying value of fixed assets for the year ended December 31, 2013 are as follows:

in ₹, except as otherwise stated

Particulars	Tangible assets		Total
	Leasehold Improvement	Computer equipment	
Original cost			
As at January 1, 2013	1,09,16,026	55,79,585	1,64,95,611
Additions / adjustments during the period	–	1,34,95,502	1,34,95,502
Deductions / retirement during the period	16,33,844	(17,84,673)	(1,50,829)
As at December 31, 2013	1,25,49,870	1,72,90,414	2,98,40,284
Depreciation and amortization			
As at January 1, 2013	30,91,542	29,70,977	60,62,519
For the period	22,65,116	64,18,465	86,83,581
Deductions / adjustments during the period	7,08,601	12,00,578	19,09,179
As at December 31, 2013	60,65,259	1,05,90,020	1,66,55,279
Net book value			
As at December 31, 2013	64,84,611	67,00,394	1,31,85,005

During the quarter ended June 30, 2014, the Management based on internal and external technical evaluation reassessed the remaining useful life of assets primarily consisting of buildings and computers with effect from April 1, 2014. Accordingly the useful lives of certain assets required a change from the previous estimates.

The existing and revised useful lives are as below:

Category of assets	Earlier useful life (Years)	Current useful life (Years)
Building	15	22-25
Plant and machinery	5	5
Computer equipment	2-5	3-5
Furniture and fixtures	5	5
Vehicles	5	5

Had the Company continued with the previously assessed useful lives, charge for depreciation for the 12 months ended December 31, 2014 would have been higher by ₹1,953,939, for assets held at April 1, 2014. The revision of the useful lives will result in the following changes in the depreciation expense as compared to the original useful life of the assets.

in ₹,

Particulars	Year ended December,		After year ended December, 2016
	2015	2016	
Increase / (decrease) in depreciation expense	75,648	14,50,482	4,27,809

2.7 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the year and the maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹

Particulars	Year ended December 31,	
	2014	2013
Lease rentals recognized during the year	–	3,10,36,590

in ₹

Lease obligations payable	Year ended December 31,	
	2014	2013
Within one year of the Balance Sheet date	–	34,55,799
Due in a period between one year and five years	–	–

The operating lease arrangements are renewable on a periodic basis and for most of the leases extend up to a maximum of one year from their respective dates of inception and relate to rented premises. Some of these lease agreements have price escalation clauses.

2.8 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Advance income taxes	2,40,32,666	–
Loans and advances to employees	1,03,28,954	1,87,48,735
	3,43,61,620	1,87,48,735

2.9 Trade receivables

in ₹

Particulars	As at December 31,	
	2014	2013
Other debts		
Unsecured		
Considered good [(1)]	88,74,38,095	37,52,82,195
Considered doubtful (Others)	2,67,92,087	–
	91,42,30,182	37,52,82,195
Less: Provision for doubtful debts (others)	2,67,92,087	–
	88,74,38,095	37,52,82,195
	88,74,38,095	37,52,82,195
[(1)] *Includes dues from holding and fellow subsidiaries (Refer to Note 2.15)*	73,97,64,315	16,10,04,291

2.10 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2014	2013
Balances with banks		
In current and deposit accounts	13,39,37,119	48,33,86,448
	13,39,37,119	48,33,86,448

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
In current accounts		
Barclays (GBP)	13,39,37,119	48,33,86,448
Total Cash and Cash Equivalents as per Balance Sheet	13,39,37,119	48,33,86,448

2.11 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Others		
Prepaid expenses	2,07,281	43,63,563
Withholding and other taxes receivable	10,68,22,279	40,641
Others [(1)]	90,56,57,514	1,24,74,66,356
	1,01,26,87,074	1,25,18,70,560
Unbilled revenues [(2)]	5,03,51,397	5,80,57,376
Salary advances	61,03,416	31,08,249
Rental deposits	–	46,26,462
Loan to subsidiary[(3)]	36,67,08,044	28,30,68,568
	1,43,58,49,931	1,60,07,31,215
[(1)] *Includes advances to holding and fellow subsidiaries (Refer to Note 2.15)*	89,45,39,078	1,24,81,84,858
[(2)] *Includes unbilled revenues from holding and fellow subsidiaries (Refer to Note 2.15)*	1,68,04,036	1,91,04,840
[(3)] *Includes loan given to fellow subsidiary (Refer to Note 2.15)*	36,67,08,044	28,30,68,568

2.12 Other income

in ₹

Particulars	Year ended December 31,	
	2014	2013
Interest received on deposits with banks and others	52,02,597	14,62,658
Miscellaneous income, net	18,25,950	6,11,251
Gains / (losses) on foreign currency, net	(1,19,00,125)	(1,20,39,270)
	(48,71,578)	(99,65,361)

2.13 Expenses

in ₹

Particulars	Year ended December 31,	
	2014	2013
Employee benefit expenses		
Salaries and bonus	3,79,40,81,849	3,59,94,29,008
Staff welfare	74,70,168	3,73,22,986
	3,80,15,52,017	3,63,67,51,994
Cost of technical sub-contractors		
Technical sub-contractors – subsidiaries	46,73,65,036	54,88,10,592
Technical sub-contractors – others	65,89,53,353	78,67,90,250
	1,12,63,18,389	1,33,56,00,842
Travel expenses		
Traveling and conveyance	43,33,70,915	53,75,54,182
	43,33,70,915	53,75,54,182
Cost of software packages and others		
For own use	–	3,47,216
	–	3,47,216
Communication expenses		
Telephone charges	4,44,38,765	2,96,45,408
	4,44,38,765	2,96,45,408
Other expenses		
Office maintenance	1,54,18,567	28,72,444
Power and fuel	6,13,868	–
Brand building	–	3,14,873
Rent	1,32,08,146	3,10,36,590
Rates and taxes, excluding taxes on income	1,12,85,708	–
Repairs to plant and machinery	4,51,400	–
Computer maintenance	6,77,672	8,41,729
Insurance charges	17,05,022	15,70,952
Provision for post-sales client support and warranties	4,20,656	3,55,103
Provision for bad and doubtful debts and advances	2,63,97,793	–
Auditor's remuneration		

Particulars	Year ended December 31,	
	2014	2013
Statutory audit fees	11,96,113	22,31,464
Bank charges	10,82,087	9,42,024
Miscellaneous expenses	1,92,21,980	1,67,26,098
	9,16,79,012	5,68,91,277

2.14 Tax expense

in ₹

Particulars	Year ended December 31,	
	2014	2013
Current tax		
Income taxes	6,01,54,415	6,88,66,324
Deferred taxes	–	1,37,41,099
	6,01,54,415	8,26,07,423

2.15 Related party transactions

List of related parties:

Name of the holding company	Country	Holding as at December 31,	
		2014	2013
Lodestone Holding AG	Switzerland	100%	100%

Name of ultimate holding company	Country
Infosys Limited	India

Name of fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Mexico	Mexico
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Brasil	Brazil
Infosys Public Services, Inc.	U.S.
Infosys Consulting India Limited [(1)]	India
Infosys Americas [(2)]	U.S.
Infosys BPO s. r. o [(3)]	Czech Republic
Infosys BPO (Poland) Sp. z o.o [(3)]	Poland
Infosys BPO S.de R. L. de.C. V. [(3)(11)]	Mexico
Infosys McCamish Systems LLC [(3)]	U.S.
Portland Group Pty. Ltd. [(3)]	Australia
Portland Procurement Services Pty. Ltd. [(7)]	Australia
Infosys Australia [(4)]	Australia
EdgeVerve Systems Limited [(10)]	India
Lodestone Management Consultants (Canada) Inc. [(5)(9)]	Canada
Lodestone Management Consultants Inc. [(5)]	U.S.
Lodestone Management Consultants Pty. Limited [(5)]	Australia
Lodestone Management Consultants AG [(5)]	Switzerland
Lodestone Augmentis AG [(8)]	Switzerland
Hafner Bauer & Ödman GmbH [(5)]	Switzerland
Lodestone Management Consultants (Belgium) S.A. [(6)]	Belgium
Lodestone Management Consultants GmbH [(5)]	Germany
Lodestone Management Consultants Pte Ltd. [(5)]	Singapore
Lodestone Management Consultants SAS [(5)]	France
Lodestone Management Consultants s.r.o. [(5)]	Czech Republic
SC Lodestone Management Consultants S.R.L. [(6)]	Romania
Lodestone Management Consultants China Co., Ltd. [(5)]	China
Lodestone Management Consultants Ltd. [(5)]	U.K.
Lodestone Management Consultants BV [(5)]	Netherlands
Lodestone Management Consultants Ltda. [(6)]	Brazil
Lodestone Management Consultants sp. z o.o. [(5)]	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA [(5)]	Portugal
Lodestone Management Consultants S.R.L. [(5)]	Argentina
Infosys Canada Public Services Ltd.[(12) (13)]	Canada

(1) *The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.*
(2) *Incorporated effective June 25, 2013*
(3) *Wholly-owned subsidiaries of Infosys BPO.*
(4) *Under liquidation*
(5) *Wholly-owned subsidiaries of Lodestone Holding AG*
(6) *Majority-owned and controlled subsidiaries of Lodestone Holding AG*
(7) *Wholly-owned subsidiary of Portland Group Pty. Ltd. Liquidated effective May 14, 2014.*
(8) *Wholly-owned subsidiary of Lodestone Management Consultants AG*
(9) *Liquidated effective December 31, 2013*
(10) *Incorporated effective February 14, 2014*
(11) *Incorporated effective February 14, 2014*
(12) *Incorporated effective December 19, 2014*
(13) *Wholly-owned subsidiary of Infosys Public Services, Inc.*

The details of amounts due to or due from as at December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured Loans		
Infosys Limited	55,02,39,723	–
Trade receivables		
Lodestone Management Consultants Inc.	2,16,282	1
Lodestone Management Consultants Pty. Limited	–	–
Lodestone Management Consultants AG	2,80,65,822	12,11,68,525
Lodestone Management Consultants GmbH, Germany	13,08,58,367	72,87,746
Lodestone Management Consultants SAS	49,98,541	53,553
Lodestone Management Consultants (Belgium) S.A.	3,94,22,161	28,90,686
Lodestone Management Consultants sp. z o.o.	1,96,620	10,214
Lodestone Management Consultants Pte Ltd.	14,30,371	1,49,10,992
Lodestone Management Consultants Ltda.	26,93,459	24,90,374
Lodestone Management Consultants BV	26,88,544	1,21,92,200
SC Lodestone Management Consultants S.R.L.	53,69,505	–
Lodestone Management Consultants Co., Ltd.	83,514	–
Lodestone Management Consultants Portugal, Unipessoal, LDA	58,36,540	–
Infosys Limited	50,02,54,213	–
Infosys BPO Limited	1,76,50,376	–
Other receivables		
Lodestone Management Consultants Pty. Limited	–	91,96,72,970
Lodestone Management Consultants (Belgium) S.A.	4,47,90,036	–
Lodestone Management Consultants AG	24,67,58,100	3,66,41,597
Lodestone Management Consultants Pte Ltd.	–	26,05,94,537

Particulars	As at December 31,	
	2014	2013
Lodestone Management Consultants GmbH, Germany	45,29,71,019	–
Lodestone Management Consultants SAS	3,82,95,000	1,81,04,574
Lodestone Management Consultants Co., Ltd.	9,55,29,769	1,31,71,180
Lodestone Management Consultants Portugal, Unipessoal, Lda.	1,01,62,501	–
Infosys Limited	60,32,654	–
Loan to subsidiary		
Lodestone Holding AG	36,67,08,044	28,30,68,568
Trade payables		
Lodestone Management Consultants Inc.	7,96,86,287	14,66,74,800
Lodestone Management Consultants SAS	94,62,312	–
Lodestone Management Consultants Pty. Limited	1,08,528	–
Lodestone Management Consultants AG	18,10,77,568	–
Lodestone Management Consultants (Belgium) S.A.	3,70,37,775	3,33,28,750
Lodestone Management Consultants GmbH, Germany	30,82,28,751	11,21,82,382
Lodestone Management Consultants Pte Ltd.	26,53,232	–
Lodestone Management Consultants GmbH, Austria	–	7,52,513
Lodestone Management Consultants BV	3,00,73,717	78,70,387
Lodestone Management Consultants sp. z o.o.	2,19,66,669	25,81,926
Lodestone Management Consultants s.r.o.	–	57,682
S.C. Lodestone Management Consultants S.R.L.	2,59,225	17,96,531
Lodestone Management Consultants Ltda.	–	50,33,189
Lodestone Management Consultants Portugal, Unipessoal, Lda.	16,41,918	38,21,018
Lodestone Management Consultants Co., Ltd.	31,66,758	–
Infosys Limited	8,45,80,767	6,09,71,138
FX valuation on above	–	12,97,766
Other payables		
Lodestone Management Consultants Pty. Limited	–	2,64,821
Lodestone Management Consultants AG	2,05,62,343	–
Lodestone Management Consultants Co., Ltd.	4,67,893	–
Infosys Limited	32,85,58,360	1,08,77,74,665
Provision for expenses		
Infosys Limited	–	68,55,944
Unbilled revenues		
Infosys Limited	–	2
Infosys BPO Limited	–	1,91,04,838
Infosys BPO (Poland) Sp. z o.o.	56,43,738	–
Infosys Technologies (Sweden) AB	1,11,60,298	–

The details of the related party transactions entered into by the Company for the year ended December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	Year ended December 31,	
	2014	2013
Financing transactions		
Revenue transactions:		
Purchase of Services		
Infosys Limited	33,37,64,022	1,27,95,045
Lodestone Management Consultants (Belgium) S.A.	17,96,04,577	1,99,37,846
Lodestone Management Consultants AG	82,00,41,029	27,69,82,178
Lodestone Management Consultants GmbH	70,35,14,054	8,33,05,736
Lodestone Management Consultants SAS	28,37,83,212	2,49,59,509
Lodestone Management Consultants Sp. z.o.o.	9,39,57,247	5,46,08,160
Lodestone Management Consultants Portugal, Unipessoal, Lda.	2,02,08,168	2,76,97,284
Lodestone Management Consultants Inc.	1,01,51,16,217	5,92,55,377
Lodestone Management Consultants GmbH	53,77,933	–
Lodestone Management Consultants s.r.o.	–	48,13,120
Lodestone Management Consultants Pty. Limited	21,98,627	4,25,16,648
SC Lodestone Management Consultants S.R.L.	21,68,899	20,32,247
Lodestone Management Consultants Co., Ltd.	5,76,75,365	51,00,109
Lodestone Management Consultants Ltda.	69,12,068	51,99,151
Lodestone Management Consultants BV	14,35,51,056	–
Lodestone Management Consultants Pte Ltd.	6,81,96,474	4,22,14,412
Interest expense		
Infosys Limited	95,04,122	–
Interest income		
Lodestone Holding AG	51,93,293	14,55,156
Lodestone Management Consultants AG	–	6,695
Sale of services		
Infosys Limited	7,27,58,54,298	4,67,73,23,814
Infosys BPO Limited	12,93,27,919	–
Infosys BPO (Poland) Sp. z.o.o	57,37,210	–
Infosys Technologies (Sweden) AB	1,11,21,430	–
Lodestone Management Consultants S.R.L.	53,61,290	–
Lodestone Management Consultants (Belgium) S.A.	5,06,88,496	6,99,36,444
Lodestone Management Consultants AG	48,71,91,599	37,01,25,350
Lodestone Management Consultants GmbH	15,24,89,592	8,52,76,700
Lodestone Management Consultants SAS	4,33,45,110	40,35,550

Particulars	Year ended December 31,	
	2014	2013
Lodestone Management Consultants Inc.	10,25,19,734	70,53,842
Lodestone Management Consultants Ltda.	78,960	24,74,571
Lodestone Management Consultants Pte Ltd.	1,29,00,820	5,15,79,516
Lodestone Management Consultants Pty. Limited	1,70,00,475	41,29,018
Lodestone Management Consultants Inc.	–	51,135
Lodestone Management Consultants Co., Ltd.	83,426	–
Lodestone Management Consultants Portugal, Unipessoal, Lda.	90,18,191	–
S.C. Lodestone Management Consultants S.R.L.	64,71,000	–
Lodestone Management Consultants Sp. z.o.o.	9,04,872	10,227
Lodestone Management Consultants B.V.	70,86,060	3,11,52,116

2.16 Segment reporting

The Company is engaged in providing consultancy services in a single geography. Its operations are therefore considered to constitute a single segment in the context of Accounting Standard 17 - Segment Reporting

2.17 Function-wise classification of Statement of Profit and Loss

in ₹

Particulars	Year ended December 31,	
	2014	2013
Income from consultancy services	5,73,61,33,591	6,07,22,21,106
Software development expenses	4,84,28,53,049	5,46,23,09,092
GROSS PROFIT	89,32,80,542	60,99,12,014
Selling and marketing expenses	31,75,25,708	1,56,46,642
General and administration expenses	43,24,13,451	24,82,07,368
	74,99,39,159	26,38,54,010
OPERATING PROFIT BEFORE INTEREST AND DEPRECIATION	14,33,41,383	34,60,58,004
Interest expense	95,09,295	(1,61,263)
Depreciation and amortization	76,32,951	86,83,581
OPERATING PROFIT	12,61,99,137	33,75,35,686
Other income	(48,71,578)	(1,01,26,624)
PROFIT BEFORE TAX	12,13,27,559	32,74,09,062
Tax expense		
Current tax	6,01,54,415	6,88,66,324
Deferred tax	–	1,37,41,099
PROFIT FOR THE PERIOD	6,11,73,144	24,48,01,639

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Ronald Hafner
Director

Bengaluru
January 9, 2015

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Lodestone Management
Consultants Ltda.

Independent Auditors' Report

To the Members of Lodestone Management Consultants Ltda.

Report on the standalone Financial Statements

We have audited the accompanying standalone financial statements of Lodestone Management Consultants Ltda. ('the Company'), which comprises the Balance sheet as at December 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act, Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2014 and its loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, We report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Place: Bengaluru
Date: January 9, 2015

Balance Sheet

in ₹

Particulars	Note	As at December 31, 2014	As at December 31, 2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	39,65,645	39,65,645
Reserves and surplus	2.2	(1,13,13,45,885)	(46,04,36,506)
		(1,12,73,80,240)	(45,64,70,861)
CURRENT LIABILITIES			
Short-term borrowings	2.4	1,26,93,01,072	1,06,33,50,910
Trade payables	2.5	1,20,47,997	1,30,69,805
Other current liabilities	2.6	17,86,38,281	8,76,61,396
Short-term provisions	2.7	14,39,58,225	4,55,96,703
		1,60,39,45,575	1,20,96,78,814
		47,65,65,335	75,32,07,953
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.8	1,67,60,761	2,31,97,427
Intangible assets		–	10,06,749
		1,67,60,761	2,42,04,176
Deferred tax assets (net)	2.3	–	22,91,99,367
		1,67,60,761	25,34,03,543
CURRENT ASSETS			
Trade receivables	2.10	16,21,14,567	17,11,81,223
Cash and cash equivalents	2.11	3,82,39,425	5,51,21,347
Short-term loans and advances	2.12	25,94,50,582	27,35,01,840
		45,98,04,574	49,98,04,410
		47,65,65,335	75,32,07,953
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath

Chartered Accountants

Firm's Registration Number:006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Claudio Elsas
Director

Bengaluru
January 9, 2015

Statement of Profit and Loss

in ₹, except per share data

Particulars	Note	Year ended December 31,	
		2014	2013
Income from consultancy services		84,37,53,320	63,16,76,816
Other income	2.13	(4,41,34,760)	(14,93,91,241)
Total revenue		79,96,18,560	48,22,85,575
Expenses			
Employee benefit expenses	2.14	88,08,64,128	64,08,57,863
Cost of technical sub-contractors	2.14	16,26,40,918	16,97,02,358
Travel expenses	2.14	15,02,49,564	10,27,96,449
Communication expenses	2.14	92,70,244	40,67,380
Professional charges		2,24,42,331	1,80,82,982
Finance Cost	2.14	6,10,56,990	4,00,94,093
Depreciation and amortization expenses	2.8	1,17,24,693	62,28,258
Other expenses	2.14	3,93,11,167	6,76,47,306
Total expenses		1,33,75,60,035	1,04,94,76,689
PROFIT BEFORE TAX		(53,79,41,475)	(56,71,91,114)
Tax expense:	2.15		
Current tax		(44,53,715)	17,07,456
Deferred tax		23,04,24,563	(19,51,00,757)
PROFIT / (LOSS) FOR THE PERIOD		(76,39,12,323)	(37,37,97,813)
EARNINGS PER EQUITY SHARE			
Shares of 1 / - BRL par value each			
Basic and diluted		(5,092.75)	(2,491.99)
Number of shares used in computing earnings per share			
Basic and diluted		1,50,000	1,50,000
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Claudio Elsas
Director

Bengaluru
January 9, 2015

Cash Flow Statement

in ₹

Particulars	Note	Year ended December 31, 2014	Year ended December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		(53,79,41,475)	(56,71,91,114)
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		1,17,24,693	62,28,258
Finance Cost		6,10,56,990	4,00,94,093
Effect of exchange differences on translation of assets and liabilities		10,80,86,506	1,54,12,918
Other non-cash items		28,08,051	–
Changes in assets and liabilities			
Trade receivables		90,66,656	(12,84,54,231)
Loans and advances and other assets		1,40,51,258	(12,33,39,224)
Liabilities and provisions		18,55,08,548	6,29,76,964
		(14,56,38,773)	(69,42,72,336)
Income taxes paid		32,28,519	91,20,996
NET CASH GENERATED BY OPERATING ACTIVITIES		(14,24,10,254)	(68,51,51,340)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure		(1,93,64,840)	(1,42,12,816)
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(1,93,64,840)	(1,42,12,816)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan received		20,59,50,162	78,70,59,576
Finance Cost		(6,10,56,990)	(4,00,94,093)
NET CASH USED IN FINANCING ACTIVITIES		14,48,93,172	74,69,65,483
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(1,68,81,922)	4,76,01,327
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		5,51,21,347	75,20,020
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		3,82,39,425	5,51,21,347
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath

Chartered Accountants

Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Claudio Elsas
Director

Bengaluru
January 9, 2015

Significant accounting policies

Company overview

Lodestone Management Consultants Ltda. is a majority-owned subsidiary of Lodestone Holding AG, Kloten (Switzerland). The Company renders professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is INR.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates may include computation of percentage-of-completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Revenue recognition

The method for recognizing revenues and cost depends on the nature of the services rendered and on the substance of the contractual agreement. Revenues and costs generated under time-and-material contracts are recognized as services are rendered.

An expected project loss is recognized as an expense immediately.

Revenue comprises the invoiced value for the services and expense reimbursements, net of value added tax, rebates and discounts.

1.6 Tangible assets and capital work-in-progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.7 Intangible assets

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably.

1.8 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows:

Buildings [1]	22-25 years
Plant and machinery [1]	5 years
Office equipment	5 years
Computer equipment [1]	3-5 years
Furniture and fixtures [1]	5 years
Vehicles [1]	5 years

[1] *For these class of assets, based on 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. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.*

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end. *(Refer to Note 2.8)*

1.9 Impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.10 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.11 Benefits to employees

The Company operates various pension schemes, subject to specific local regulations. Contributions to pension plans are charged to the income statement in the period to which they relate, together with other personnel expenses.

1.12 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.13 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situations where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets, other than in situations of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

1.14 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.15 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight-line basis in the Statement of Profit and Loss over the lease term.

1.16 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

1.17 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.18 Post-sales client support and warranties

The Company provides its clients with a fixed-period 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 Statement of Profit and Loss. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions.

2 Notes on accounts for the year ended December 31, 2014

The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2014	2013
Authorized		
150,000 (150,000) equity shares of BRL 1 / - par value	39,65,645	39,65,645
Issued, subscribed and paid-up		
150,000 (150,000) equity shares of BRL 1 / - par value	39,65,645	39,65,645
(Of the above, 149,990 equity shares are held by the holding company, Lodestone Holding AG)	39,65,645	39,65,645

The details of shareholder holding more than 5% shares as at December 31, 2014 and December 31, 2013 is set out below :

Name of the shareholder	As at December 31,			
	2014		2013	
	No. of shares	% held	No. of shares	% held
Lodestone Holding AG	1,49,990	99.99	1,49,990	99.99

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2014 and December 31, 2013 is set out below:

in ₹

Particulars	As at December 31,			
	2014		2013	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning	1,50,000	39,65,645	1,50,000	39,65,645
Add: Shares issued during the year	–	–	–	–
Number of shares at the end	1,50,000	39,65,645	1,50,000	39,65,645

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2014	2013
Foreign currency translation reserve - Opening balance	1,41,80,051	(5,15,051)
Add: Foreign currency translation during the year	9,30,02,944	1,46,95,102
Foreign currency translation reserve - Closing balance	10,71,82,995	1,41,80,051
Surplus- Opening balance	(47,46,16,557)	(10,08,18,744)
Add: Net profit after tax transferred from Statement of Profit and Loss	(76,39,12,323)	(37,37,97,813)
Surplus- Closing balance	(1,23,85,28,880)	(47,46,16,557)
	(1,13,13,45,885)	(46,04,36,506)

2.3 Deferred taxes

in ₹

Particulars	As at December 31,	
	2014	2013
Deferred tax assets		
Accumulated losses	–	22,91,99,367
	–	22,91,99,367

2.4 Trade payables

in ₹

Particulars	As at December 31,	
	2014	2013
Trade payables [(1)]	1,20,47,997	1,30,69,805
	1,20,47,997	1,30,69,805
[(1)] *Includes dues to fellow subsidiaries (Refer to Note 2.17)*	27,72,665	38,72,743

2.5 Short-term borrowings

in ₹

Particulars	As at December 31,	
	2014	2013
From related parties - Unsecured	1,26,93,01,072	1,06,33,50,910
[(1)] *Includes dues to holding company (Refer to Note 2.17)*	1,26,93,01,072	1,06,33,50,910

2.6 Other current liabilities

in ₹

Particulars	As at December 31,	
	2014	2013
Accrued salaries and benefits		
Salaries and benefits	–	25,407
Bonus and incentives	1,84,81,530	4,57,52,482
Other liabilities		
Provision for expenses	7,64,403	–
Withholding and other taxes payable	5,10,41,985	3,95,34,574
Unearned revenue	6,63,19,766	–
Other payables[(1)]	4,20,30,597	23,48,933
	17,86,38,281	8,76,61,396
[(1)] *Includes dues to fellow subsidiaries (Refer to Note 2.17)*	2,30,25,869	–

2.7 Short-term provisions

in ₹

Particulars	As at December 31,	
	2014	2013
Provision for employee benefits		
Unavailed leave	14,13,42,474	4,55,96,703
Post-sales client support and warranties and other provisions	26,15,751	–
	14,39,58,225	4,55,96,703

Provision for post-sales client support and warranties

The movement in the provision for post-sales client support and warranties and other provisions is as follows :

in ₹

Particulars	As at December 31,	
	2014	2013
Balance at the beginning	–	–
Provision recognized / (reversed)	28,08,051	–
Provision utilized	–	
Exchange difference during the period	(1,92,300)	–
Balance at the end	26,15,751	–

Provision for post-sales client support is expected to be utilized over a period of six months to one year.

2.8 Fixed assets

Following are the changes in the carrying value of fixed assets for the 12 months ended December 31, 2014:

in ₹, except as otherwise stated

Particulars	Land-leasehold	Office equipment	Computer equipment	Furniture and fixtures	Total	Intangible assets		Total
						Intellectual property rights	Total	
Original cost								
As at January 1, 2014	83,01,087	34,01,731	1,12,59,006	87,95,836	3,17,57,660	29,20,519	29,20,519	3,46,78,179
Additions / adjustments during the period	51,73,393	7,51,829	93,43,937	40,95,681	1,93,64,840	–	–	1,93,64,840
Deductions / retirement during the period	(1,34,74,480)	(37,46,055)	(23,83,946)	30,95,192	(1,65,09,289)	(29,20,519)	(29,20,519)	(1,94,29,808)
As at December 31, 2014	–	4,07,505	1,82,18,997	1,59,86,709	3,46,13,211	–	–	3,46,13,211
Depreciation and amortization								
As at January 1, 2014	43,70,361	5,43,708	25,65,171	10,80,992	85,60,232	19,13,770	19,13,770	1,04,74,002
For the period	17,00,054	3,33,075	65,26,220	31,65,344	1,17,24,693	–	–	1,17,24,693
Deductions / adjustments during the period	(60,70,415)	(5,83,872)	2,72,207	39,49,605	(24,32,475)	(19,13,770)	(19,13,770)	(43,46,245)
As at December 31, 2014	–	2,92,911	93,63,598	81,95,941	1,78,52,450	–	–	1,78,52,450
Net book value								
As at December 31, 2014	–	1,14,594	88,55,399	77,90,768	1,67,60,761	–	–	1,67,60,761

Following are the changes in the carrying value of fixed assets for the 12 months ended December 31, 2013:

in ₹, except as otherwise stated

Particulars	Land-Leasehold	Office equipment	Computer equipment	Furniture and fixtures	Total	Intangible assets		Total
						Intellectual property rights	Total	
Original cost								
As at January 1, 2013	41,10,439	28,74,396	65,93,622	49,83,306	1,85,61,763	33,46,247	33,46,247	2,19,08,010
Additions / adjustments during the period	44,75,099	6,20,727	50,15,285	41,01,705	1,42,12,816	–	–	1,42,12,816
Deductions / retirement during the period	(2,84,451)	(93,392)	(3,49,901)	(2,89,175)	(10,16,919)	(4,25,728)	(4,25,728)	(14,42,647)
As at December 31, 2013	83,01,087	34,01,731	1,12,59,006	87,95,836	3,17,57,660	29,20,519	29,20,519	3,46,78,179
Depreciation and amortization								
As at January 1, 2013	23,18,056	2,64,217	7,81,939	5,18,078	38,82,290	10,88,286	10,88,286	49,70,576
For the period	–	1,77,555	13,92,344	34,23,474	49,93,373	12,34,885	12,34,885	62,28,258
Deductions / adjustments during the period	20,52,305	1,01,936	3,90,888	(28,60,560)	(3,15,431)	(4,09,401)	(4,09,401)	(7,24,832)
As at December 31, 2013	43,70,361	5,43,708	25,65,171	10,80,992	85,60,232	19,13,770	19,13,770	1,04,74,002
Net book value								
As at December 31, 2013	39,30,726	28,58,023	86,93,835	77,14,844	2,31,97,427	10,06,749	10,06,749	2,42,04,176

2.9 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the year and the maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹

Particulars	Year ended December 31,	
	2014	2013
Lease rentals recognized during the year	1,89,20,809	1,22,64,465

in ₹

Lease obligations payable	Year ended December 31,	
	2014	2013
Within one year of the Balance Sheet date	73,70,215	1,93,13,727
Due in a period between one year and five years	–	1,12,17,836
Due after five years	–	–

2.10 Trade receivables

in ₹

Particulars	As at December 31,	
	2014	2013
Other debts		
Unsecured		
Considered good[(1)]	16,21,14,567	17,11,81,223
	16,21,14,567	17,11,81,223
Less: Provision for doubtful debts (others)	–	–
	16,21,14,567	17,11,81,223
	16,21,14,567	17,11,81,223
[(1)] *Includes dues from fellow subsidiaries (Refer to Note 2.17)*	3,81,42,286	11,54,21,824

2.11 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2014	2013
Cash on hand	26,969	2,811
Balances with banks		
In current accounts	3,82,12,456	5,51,18,536
	3,82,39,425	5,51,21,347

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
In current accounts		
HSBC Bank Brasil S.A.	3,82,12,456	5,51,18,536
	3,82,12,456	5,51,18,536

2.12 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Others		
Withholding and other taxes receivable	5,70,86,530	2,91,86,849
Others	83,67,432	1,56,78,650
	6,54,53,962	4,48,65,499
Unbilled revenues [(1)]	17,47,76,256	22,29,45,063
Salary advances	1,62,83,055	24,63,073
Rental deposits	29,37,309	32,28,205
	25,94,50,582	27,35,01,840
[(1)] *Includes dues from fellow subsidiaries (Refer to Note 2.17)*	–	6,59,49,029

2.13 Other income

in ₹

Particulars	Year ended December 31,	
	2014	2013
Miscellaneous income, net	–	47,650
Gains / (losses) on foreign currency, net	(4,41,34,760)	(14,94,38,891)
	(4,41,34,760)	(14,93,91,241)

2.14 Expenses

in ₹

Particulars	Year ended December 31,	
	2014	2013
Employee benefit expenses		
Salaries and bonus	87,01,75,891	63,91,57,464
Staff welfare	1,06,88,237	17,00,399
	88,08,64,128	64,08,57,863
Cost of technical sub-contractors		
Technical sub-contractors - subsidiaries	–	72,64,971
Technical sub-contractors - others	16,26,40,918	16,24,37,387
	16,26,40,918	16,97,02,358
Travel expenses		
Overseas travel expenses	15,02,49,564	10,27,96,449
	15,02,49,564	10,27,96,449
Communication expenses		
Telephone charges	92,70,244	40,67,380
	92,70,244	40,67,380
Finance Cost		
Interest on loans from parent	6,10,56,990	4,00,94,093
	6,10,56,990	4,00,94,093
Other expenses		
Office maintenance	64,19,753	27,04,167
Power and fuel	7,91,203	3,98,808
Brand building	4,41,850	21,14,848
Rent	1,89,20,809	1,22,64,465
Rates and taxes, excluding taxes on income	33,44,375	–
Computer maintenance	(38,618)	1,71,184
Professional membership and seminar participation fees	2,05,212	–
Provision for post-sales client support and warranties	28,08,051	–
Bank charges and commission	10,71,724	18,81,789
Donations	–	2,53,260
Others	53,46,808	4,78,58,785
	3,93,11,167	6,76,47,306

2.15 Tax expense

in ₹

Particulars	Year ended December 31,	
	2014	2013
Current tax		
Income taxes	(44,53,715)	17,07,456
Deferred taxes	23,04,24,563	(19,51,00,757)
	22,59,70,848	(19,33,93,301)

2.16 Quantitative details

The Company is primarily engaged in the business of consultancy services. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per revised Schedule VI to the Companies Act, 1956.

2.17 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at December 31,	
		2014	2013
Lodestone Holding AG	Switzerland	99.99%	99.99%

Name of ultimate holding company	Country
Infosys Limited	India

Name of fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Mexico	Mexico
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Public Services, Inc.	U.S.
Infosys Consulting India Limited (1)	India
Infosys Americas (2)	U.S.
Infosys BPO s. r. o (3)	Czech Republic
Infosys BPO (Poland) Sp z o.o. (3)	Poland
Infosys BPO S. de R. L. de C. V. (3)(11)	Mexico
Infosys McCamish Systems LLC (3)	U.S.
Portland Group Pty. Ltd(3)	Australia
Portland Procurement Services Pty. Ltd(7)	Australia
Infosys Australia (4)	Australia
EdgeVerve Systems Limited (10)	India
Lodestone Holding AG	Switzerland
Lodestone Management Consultants (Canada) Inc. (5)(9)	Canada
Lodestone Management Consultants Inc. (5)	U.S.
Lodestone Management Consultants Pty. Limited (5)	Australia
Lodestone Management Consultants AG (5)	Switzerland
Lodestone Augmentis AG (8)	Switzerland
Hafner Bauer & Ödman GmbH (5)	Switzerland
Lodestone Management Consultants (Belgium) S.A. (6)	Belgium
Lodestone Management Consultants GmbH (5)	Germany
Lodestone Management Consultants Pte Ltd. (5)	Singapore
Lodestone Management Consultants SAS (5)	France
Lodestone Management Consultants s.r.o. (5)	Czech Republic
Lodestone Management Consultants GmbH (5)	Austria
Lodestone Management Consultants China Co., Ltd. (5)	China
Lodestone Management Consultants Ltd. (5)	U.K.
Lodestone Management Consultants BV (5)	Netherlands
Lodestone Management Consultants Sp. z o.o. (5)	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA (5)	Portugal
SC Lodestone Management Consultants S.R.L. (5)	Romania
Lodestone Management Consultants S.R.L. (5)	Argentina
Infosys Canada Public Services Ltd.(12)	Canada

(1) *The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012*
(2) *Incorporated effective June 25, 2013*
(3) *Wholly-owned subsidiaries of Infosys BPO.*
(4) *Under liquidation*
(5) *Wholly-owned subsidiaries of Lodestone Holding AG*
(6) *Majority-owned and controlled subsidiaries of Lodestone Holding AG acquired on October 22, 2012*
(7) *Wholly-owned subsidiary of Portland Group Pty. Ltd. Liquidated effective May 14, 2014.*
(8) *Wholly-owned subsidiary of Lodestone Management Consultants AG*
(9) *Liquidated effective December 31, 2013*
(10) *Incorporated effective February 14, 2014*
(11) *Incorporated effective February 14, 2014*
(12) *Incorporated effective December 19, 2014, wholly-owned subsidiary of Infosys Public Services, Inc.*

The details of amounts due to or due from as at December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
Loans		
Lodestone Holding AG	1,26,93,01,072	1,06,33,50,910
Total	1,26,93,01,072	1,06,33,50,910
Trade Receivables		
Infosys Technologia do Brasil Ltda	2,31,96,273	11,54,21,824
Lodestone Holding AG	1,01,58,303	–
Lodestone Management Consultants GmbH	47,08,595	–
Lodestone Management Consultants Pty. Limited	79,116	–
Total	3,81,42,286	11,54,21,824
Unbilled Revenues		
Infosys Technologia do Brasil Ltda	–	6,59,49,029
Total	–	6,59,49,029
Advance received		
Infosys Technologia do Brasil Ltda	2,30,25,869	–
Total	2,30,25,869	–
Trade Payables		
Lodestone Management Consultants Ltd.	26,14,810	
Lodestone Holding AG	1,10,463	38,72,743
Lodestone Management Consultants Ltd. (6)	47,392	–
Total	27,72,665	38,72,743

The details of the related party transactions entered into by the Company for the year ended December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	Year ended December 31,	
	2014	2013
Capital transactions		
Revenue transactions		
Purchase of services		
Lodestone Management Consultants AG	–	25,65,963
Total	–	25,65,963
Interest expense		
Lodestone Holding AG	5,12,16,135	2,41,55,647
Lodestone Management Consultants AG	98,40,855	93,53,382
Total	6,10,56,990	3,35,09,029
Sale of services		
Infosys Brazil	4,55,47,330	24,58,61,305
Lodestone Management Consultants AG	9,02,78,028	18,99,999
Lodestone Management Consultants (Belgium) S.A.		8,04,780
Lodestone Management Consultants Ltd.	66,21,655	(2,31,406)
Lodestone Management Consultants GmbH	50,03,941	
Lodestone Management Consultants SAS	(2,346)	
Lodestone Management Consultants Inc.	87,416	
Total	14,75,36,024	24,83,34,678

2.18 Segment reporting

The Company is engaged in providing consultancy services in a single geography. Its operations are therefore considered to constitute a single segment in the context of Accounting Standard 17 - Segment Reporting

2.19 Function-wise classification of Statement of Profit and Loss

in ₹

Particulars	Year ended December 31,	
	2014	2013
Income from consultancy services	84,37,53,320	63,16,76,816
Software development expenses	97,76,28,461	88,12,66,935
GROSS PROFIT	(13,38,75,141)	(24,95,90,119)
Selling and marketing expenses	14,91,39,015	22,85,760
General and administration expenses	13,80,10,876	11,96,01,643
	28,71,49,891	12,18,87,403
OPERATING PROFIT BEFORE INTEREST AND DEPRECIATION	(42,10,25,032)	(37,14,77,522)
Finance Cost	6,10,56,990	4,00,94,093
Depreciation and amortization	1,17,24,693	62,28,258
OPERATING PROFIT	(49,38,06,715)	(41,77,99,873)
Other income	(4,41,34,760)	(14,93,91,241)
PROFIT BEFORE TAX	(53,79,41,475)	(56,71,91,114)
Tax expense:		
Current tax	(44,53,715)	17,07,456
Deferred tax	23,04,24,563	(19,51,00,757)
PROFIT / (LOSS) FOR THE PERIOD	(76,39,12,323)	(37,37,97,813)

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

Claudio Elsas
Director

Bengaluru
January 9, 2015

Lodestone Management Consultants Portugal, Unipessoal, LDA

Independent Auditors' Report

To the Members of Lodestone Management Consultants Portugal, Unipessoal, LDA

Report on the standalone Financial Statements

We have audited the accompanying standalone financial statements of Lodestone Management Consultants Portugal, Unipessoal, LDA ('the Company'), which comprises the Balance sheet as at December 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act, Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2014 and its loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, We report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Place: Bengaluru
Date: January 9, 2015

Balance Sheet

in ₹

Particulars	Note	As at December 31, 2014	As at December 31, 2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	4,86,00,885	4,86,00,885
Reserves and surplus	2.2	(5,37,77,619)	(4,10,97,377)
		(51,76,734)	75,03,508
CURRENT LIABILITIES			
Trade payables	2.4	1,33,06,726	87,27,874
Other current liabilities	2.5	1,80,41,858	1,78,04,355
Short-term provisions	2.6	2,54,56,691	1,01,70,228
		5,68,05,275	3,67,02,457
		5,16,28,541	4,42,05,965
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.7	–	42,151
Deferred tax assets (net)	2.3	–	1,87,52,944
Long-term loans and advances	2.9	2,18,20,378	–
		2,18,20,378	1,87,95,095
CURRENT ASSETS			
Trade receivables	2.8	2,70,62,818	2,08,21,963
Cash and cash equivalents	2.10	11,65,703	17,79,113
Short-term loans and advances	2.11	15,79,642	28,09,794
		2,98,08,163	2,54,10,870
		5,16,28,541	4,42,05,965
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Ralph Bäumle
Director

Bengaluru
January 9, 2015

Statement of Profit and Loss

in ₹

Particulars	Note	Year ended December 31,	
		2014	2013
Income from consultancy services		26,57,50,484	24,47,23,026
Other income	2.12	1,36,140	–
Total revenue		26,58,86,624	24,47,23,026
Expenses			
Employee benefit expenses	2.13	14,63,07,526	16,59,22,712
Cost of technical sub-contractors	2.13	1,55,37,122	–
Travel expenses	2.13	7,98,59,805	8,70,62,279
Communication expenses	2.13	26,96,406	–
Professional charges		18,11,834	10,37,117
Depreciation and amortization expenses		40,079	2,72,527
Other expenses	2.13	21,42,159	3,14,770
Total expenses		24,83,94,931	25,46,09,405
PROFIT BEFORE TAX		1,74,91,693	(98,86,379)
Tax expense:			
Current tax	2.14	1,24,01,378	–
Deferred tax	2.14	1,83,99,444	(24,70,483)
PROFIT / (LOSS) FOR THE PERIOD		(1,33,09,129)	(74,15,896)
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath

Chartered Accountants

Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership No: 202841

Ralph Bäumle
Director

Bengaluru
January 9, 2015

Cash Flow Statement

in ₹

Particulars	Note	Year ended December 31, 2014	Year ended December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,74,91,693	(98,86,379)
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		40,079	2,72,527
Effect of exchange differences on translation of assets and liabilities		6,30,959	16,87,100
Changes in assets and liabilities			
Trade receivables		(62,40,855)	(73,52,893)
Loans and advances and other assets		(1,89,35,808)	(18,30,216)
Liabilities and provisions		87,16,925	1,53,77,528
		17,02,993	(17,32,333)
Income taxes paid		(23,16,403)	(25,75,978)
NET CASH GENERATED BY OPERATING ACTIVITIES		(6,13,410)	(43,08,311)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(6,13,410)	(43,08,311)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		17,79,113	60,87,424
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		11,65,703	17,79,113
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath

Chartered Accountants

Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Ralph Bäumle
Director

Bengaluru
January 9, 2015

Significant accounting policies

Company overview

Lodestone Management Consultants Portugal, Unipessoal, Lda is a wholly-owned subsidiary of Lodestone Holding AG, Kloten (Switzerland). The Company renders professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is INR.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates may include computation of percentage-of-completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Revenue recognition

The method for recognizing revenues and cost depends on the nature of the services rendered and on the substance of the contractual agreement. Revenues and costs generated under time-and-material contracts are recognized as services are rendered.

An expected project loss is recognized as an expense immediately.

Revenue comprises the invoiced value for the services and expense reimbursements, net of value added tax, rebates and discounts.

1.6 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.7 Post-sales client support and warranties

The Company provides its clients with a fixed-period warranty for corrections of errors and telephone support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in Statement of Profit and Loss. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions.

1.8 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.10 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows:

Buildings (1)	22-25 years
Plant and machinery (1)	5 years
Office equipment	5 years
Computer equipment (1)	3-5 years
Furniture and fixtures (1)	5 years
Vehicles (1)	5 years

(1) *For these class of assets, based on 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. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.*

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end. *(Refer to Note 2.7)*

1.11 Impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.12 Benefits to employees

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.13 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.14 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situations where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situations of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

1.15 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.16 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.17 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight-line basis in the Statement of Profit and Loss over the lease term.

2 Notes on accounts for the year ended December 31, 2014

The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2014	2013
Authorized capital		
EUR 700,000	4,86,00,885	4,86,00,885
Issued, subscribed and paid-up		
EUR 700,000	4,86,00,885	4,86,00,885
[Of the above, EUR 700,000 (EUR 700,000) are held by the holding company, Lodestone Holding AG]	4,86,00,885	4,86,00,885

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2014	2013
Foreign currency translation reserve - Opening balance	16,46,596	16,46,596
Add: Foreign currency translation during the year	6,28,887	–
Foreign currency translation reserve - Closing balance	22,75,483	16,46,596
Surplus- Opening balance	(4,27,43,973)	(3,53,28,077)
Add: Net profit after tax transferred from Statement of Profit and Loss	(1,33,09,129)	(74,15,896)
Surplus- Closing balance	(5,60,53,102)	(4,27,43,973)
	(5,37,77,619)	(4,10,97,377)

2.3 Deferred taxes

in ₹

Particulars	As at December 31,	
	2014	2013
Deferred tax assets		
Accumulated losses	–	1,87,52,944
	–	1,87,52,944

2.4 Trade payables

in ₹

Particulars	As at December 31,	
	2014	2013
Trade payables [1]	1,33,06,726	87,27,874
	1,33,06,726	87,27,874
[1] *Includes dues to fellow subsidiaries (Ref Note 2.16)*	1,32,03,100	86,12,734

2.5 Other current liabilities

in ₹

Particulars	As at December 31,	
	2014	2013
Accrued salaries and benefits		
Bonus and incentives	39,00,533	70,68,636
Salary payable	–	35,73,932
Other liabilities		
Salary advance	39,53,808	–
Other payables [1]	22,97,700	–
Provision for expenses	–	83,860
Withholding and other taxes payable	78,89,817	70,77,927
	1,80,41,858	1,78,04,355
[1] *Includes dues to fellow subsidiaries (Refer to Note 2.16)*	22,97,700	–

2.6 Short-term provisions

in ₹

Particulars	As at December 31,	
	2014	2013
Provision for employee benefits		
Unavailed leave	1,40,70,798	1,01,70,228
Provision for Income taxes	1,13,85,893	–
	2,54,56,691	1,01,70,228

2.7 Fixed assets

Following are the changes in the carrying value of fixed assets for the twelve months ended December 31, 2014:

in ₹, except as otherwise stated

Particulars	Tangible Assets		Total
	Computer equipment	Total	
Original cost			
As at January 1, 2014	9,89,871	9,89,871	9,89,871
Additions / adjustments during the period	–	–	–
Deductions / retirement during the period	(98,987)	(98,987)	(98,987)
As at December 31, 2014	8,90,884	8,90,884	8,90,884
Depreciation and amortization			
As at January 1, 2014	9,47,720	9,47,720	9,47,720
For the period	40,079	40,079	40,079
Deductions / adjustments during the period	(96,915)	(96,915)	(96,915)
As at December 31, 2014	8,90,884	8,90,884	8,90,884
Net book value			
As at December 31, 2014	–	–	–

Following are the changes in the carrying value of fixed assets for the 12 months ended December 31, 2013:

in ₹ , except as otherwise stated

Particulars	Tangible Assets	Total
	Computer equipment	
Original cost		
As at January 1, 2013	8,43,362	8,43,362
Additions / adjustments during the period	–	–
Deductions / retirement during the period	1,46,509	1,46,509
As at December 31, 2013	9,89,871	9,89,871
Depreciation and amortization		
As at January 1, 2013	5,55,498	5,55,498
For the period	2,72,527	2,72,527
Deductions / adjustments during the period	1,19,695	1,19,695
As at December 31, 2013	9,47,720	9,47,720
Net book value		
As at December 31, 2013	42,151	42,151

2.8 Trade receivables

in ₹

Particulars	As at December 31,	
	2014	2013
Other debts		
Considered good [1]	2,70,62,818	2,08,21,963
	2,70,62,818	2,08,21,963
[1] *Includes dues from fellow subsidiaries (ref Note 2.16)*	2,70,62,818	2,08,21,963

2.9 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Advances to employees - Non-current	2,01,65,960	–
Advance income taxes (net of provisions)	16,54,418	–
	2,18,20,378	–

2.10 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2014	2013
Balances with banks		
In current and deposit accounts	11,65,703	17,79,113
	11,65,703	17,79,113

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
In current accounts		
Santander Totta	11,65,703	17,79,113
Total cash and cash equivalents as per Balance Sheet	11,65,703	17,79,113

2.11 Short-term loans and advances

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Others		
Prepaid expenses	–	15,35,743
Withholding and other taxes receivable	4,23,033	8,31,531
Others	11,56,609	–
	15,79,642	23,67,274
Unbilled revenues	–	4,42,520
	15,79,642	28,09,794

2.12 Other income

in ₹

Particulars	Year ended December 31, 2014	Year ended December 31, 2013
Miscellaneous income, net	72,803	–
Gains / (losses) on foreign currency, net	63,337	–
	1,36,140	–

2.13 Expenses

in ₹

Particulars	Year ended December 31, 2014	Year ended December 31, 2013
Employee benefit expenses		
Salaries and bonus	14,61,40,431	16,32,82,910
Staff welfare	1,67,095	26,39,802
	14,63,07,526	16,59,22,712
Cost of technical sub-contractors		
Technical sub-contractors - subsidiaries	1,55,37,122	–
	1,55,37,122	–
Travel expenses		
Overseas travel expense	7,98,59,805	8,70,62,279
	7,98,59,805	8,70,62,279
Communication expenses		
Telephone charges	26,96,406	–
	26,96,406	–
Other expenses		
Rates and taxes	(10,118)	–
Rent	64,844	–
Bank charges & commission	2,56,773	3,14,770
Others	18,30,660	–
	21,42,159	3,14,770

2.14 Tax expense

in ₹

Particulars	Year ended December 31, 2014	Year ended December 31, 2013
Current tax	1,24,01,378	–
Deferred taxes	1,83,99,444	(24,70,483)
	3,08,00,822	(24,70,483)

2.15 Quantitative details

The Company is primarily engaged in the business of consultancy services. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per revised Schedule VI to the Companies Act, 1956.

2.16 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at December 31, 2013	Holding as at December 31, 2012
Lodestone Holding AG	Switzerland	100%	100%

Name of ultimate holding company	Country
Infosys Limited	India

Name of Fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Mexico	Mexico
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Brasil	Brazil
Infosys Public Services, Inc.	U.S.
Infosys Consulting India Limited (1)	India
Infosys Americas (2)	U.S.
Infosys BPO s. r. o (3)	Czech Republic
Infosys BPO (Poland) Sp. z.o.o (3)	Poland
Infosys BPO S. de R. L. de C.V. (3)(11)	Mexico
Infosys McCamish Systems LLC (3)	U.S.
Portland Group Pty. Ltd(3)	Australia
Portland Procurement Services Pty. Ltd(7)	Australia
Infosys Australia (4)	Australia
EdgeVerve Systems Limited (10)	India
Lodestone Management Consultants (Canada) Inc. (5)(9)	Canada
Lodestone Management Consultants Inc. (5)	U.S.
Lodestone Management Consultants Pty. Limited (5)	Australia
Lodestone Management Consultants AG (5)	Switzerland
Lodestone Augmentis AG (8)	Switzerland
Hafner Bauer & Ödman GmbH (5)	Switzerland
Lodestone Management Consultants (Belgium) S.A. (6)	Belgium
Lodestone Management Consultants GmbH (5)	Germany
Lodestone Management Consultants Pte Ltd. (5)	Singapore
Lodestone Management Consultants SAS (5)	France
Lodestone Management Consultants s.r.o. (5)	Czech Republic
Lodestone Management Consultants GmbH (5)	Austria
Lodestone Management Consultants China Co., Ltd. (5)	China
Lodestone Management Consultants Ltd. (5)	UK
Lodestone Management Consultants BV (5)	Netherlands
Lodestone Management Consultants Ltda. (6)	Brazil
Lodestone Management Consultants Sp. z.o.o. (5)	Poland
S.C. Lodestone Management Consultants S.R.L. (5)	Romania
Lodestone Management Consultants S.R.L. (5)	Argentina
Infosys Canada Public Services Ltd.(12)	Canada

(1) *The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.*

(2) *Incorporated effective June 25, 2013*

(3) *Wholly-owned subsidiaries of Infosys BPO.*

(4) *Under liquidation*

(5) *Wholly-owned subsidiaries of Lodestone Holding AG*

(6) *Majority-owned and controlled subsidiaries of Lodestone Holding AG*

(7) *Wholly-owned subsidiary of Portland Group Pty. Ltd. Liquidated effective May 14, 2014.*

[8] *Wholly-owned subsidiary of Lodestone Management Consultants AG*
[9] *Liquidated effective December 31, 2013*
[10] *Incorporated effective February 14, 2014*
[11] *Incorporated effective February 14, 2014*
[12] *Incorporated effective December 19, 2014, wholly-owned subsidiary of Infosys Public Services, Inc.*

The details of amounts due to or due from as at December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	As at December 31, 2014	2013
Trade receivables		
Lodestone Management Consultants AG	1,23,41,128	1,35,62,365
Lodestone Management Consultants GmbH, Germany	1,30,79,771	34,54,481
Lodestone Management Consultants Ltd.	16,41,919	38,05,117
Total	270,62,818	208,21,963
Trade payables		
Lodestone Management Consultants sp. z.o.o.	1,35,142	4,18,480
Lodestone Management Consultants Ltd.	1,30,67,958	
Lodestone Management Consultants AG	–	81,94,254
Total	1,32,03,100	86,12,734
Other payables		
Lodestone Management Consultants Ltd.	22,97,700	–
Total	22,97,700	–

The details of the related party transactions entered into by the Company for the year ended December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	Year ended December 31, 2014	2013
Revenue transactions:		
Purchase of services		
Lodestone Management Consultants SAS	65,86,507	–
Lodestone Management Consultants Ltd.	89,50,615	–
Total	1,55,37,122	–
Sale of services		
Lodestone Management Consultants AG	17,93,30,931	15,68,37,865
Lodestone Management Consultants GmbH	5,29,63,234	5,61,86,619
Lodestone Management Consultants Ltd.	2,02,34,177	2,73,25,461
Lodestone Management Consultants Inc.	–	32,23,489
Lodestone Management Consultants sp. z o.o.	–	(2,120)
Lodestone Management Consultants (Belgium) S.A.	–	7,10,024
Total	25,25,28,342	24,42,81,338

2.17 Segment reporting

The Company is engaged in providing consultancy services in a single geography. Its operations are therefore considered to constitute a single segment in the context of Accounting Standard 17 - Segment Reporting.

2.18 Function-wise classification of Statement of Profit and Loss

in ₹

Particulars	Year ended December 31, 2014	2013
Income from consultancy services	26,57,50,484	24,47,23,026
Software development expenses	20,24,56,673	25,31,66,062
GROSS PROFIT	6,32,93,811	(84,43,036)
Selling and marketing expenses	95,95,890	(2,90,354)
General and administration expenses	3,63,02,289	14,61,170
	4,58,98,179	11,70,816
OPERATING PROFIT BEFORE DEPRECIATION	1,73,95,632	(96,13,852)
Depreciation and amortization	40,079	2,72,527
OPERATING PROFIT	1,73,55,553	(98,86,379)
Other income	1,42,329	–
PROFIT BEFORE TAX	1,74,91,693	(98,86,379)
Tax expense:		
Current tax	1,24,01,378	–
Deferred tax	1,83,99,444	(24,70,483)
PROFIT FOR THE PERIOD	(1,33,09,129)	(74,15,896)

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership No: 202841

Ralph Bäumle
Director

Bengaluru
January 9, 2015


Lodestone Management
Consultants Pte Ltd.

Independent Auditors' Report

To the Members of Lodestone Management Consultants Pte Ltd.

Report on the standalone Financial Statements

We have audited the accompanying standalone financial statements of Lodestone Management Consultants Pte Ltd. ('the Company'), which comprises the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act, Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2014 and its loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, We report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Place: Bengaluru
Date: January 9, 2015

Balance Sheet

in ₹

Particulars	Note	2014	2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	34,44,208	34,44,208
Reserves and surplus	2.2	(34,81,76,348)	(21,99,33,229)
		(34,47,32,140)	(21,64,89,021)
CURRENT LIABILITIES			
Short-term borrowings	2.4	32,67,53,704	33,72,87,632
Trade payables	2.5	3,92,40,936	1,53,28,621
Other current liabilities	2.6	6,42,99,925	28,95,85,111
Short-term provisions	2.7	91,26,736	45,45,091
		43,94,21,301	64,67,46,455
		9,46,89,161	43,02,57,434
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.8	47,55,685	5,67,112
		47,55,685	5,67,112
Deferred tax assets	2.3	4,38,088	3,34,04,235
Long-term loans and advances	2.10	-	24,93,558
		51,93,773	3,64,64,905
CURRENT ASSETS			
Trade receivables	2.11	5,27,36,668	31,35,50,612
Cash and cash equivalents	2.12	1,48,52,179	1,43,08,990
Short-term loans and advances	2.13	2,19,06,541	6,59,32,927
		8,94,95,388	39,37,92,529
		9,46,89,161	43,02,57,434
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath

Chartered Accountants

Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Peter Ödman
Director

Stephen Wise
Director

Bengaluru
January 9, 2015

Statement of Profit and Loss

in ₹, except per share data

Particulars	Note	2014	2013
Income from consultancy services		52,56,26,392	36,96,58,831
Other income	2.14	36,84,989	73,23,844
Total revenue		52,93,11,381	37,69,82,675
Expenses			
Employee benefit expenses	2.15	39,68,13,949	24,26,13,389
Cost of technical sub-contractors	2.15	11,56,79,350	8,27,01,862
Travel expenses	2.15	2,76,31,179	1,82,16,009
Communication expenses	2.15	37,03,320	36,89,288
Professional charges		1,15,40,583	1,09,63,343
Interest expenses		76,02,160	59,04,638
Depreciation and amortization expenses	2.8	9,72,257	14,87,561
Other expenses	2.15	6,49,55,424	59,01,414
Total expenses		62,88,98,222	37,14,77,504
PROFIT BEFORE TAX		(9,95,86,841)	55,05,171
Tax expense:			
Current tax	2.16	–	–
Deferred tax	2.16	3,33,67,739	14,90,471
PROFIT FOR THE PERIOD		(13,29,54,580)	40,14,700
EARNINGS PER EQUITY SHARE			
Equity shares of par value SGD 1 / - each			
Basic		(1,330)	40
Number of shares used in computing earnings per share			
Basic		1,00,000	1,00,000
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath

Chartered Accountants

Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Peter Ödman
Director

Stephen Wise
Director

Bengaluru
January 9, 2015

Cash Flow Statement

in ₹

Particulars	Note	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		(9,95,86,841)	55,05,171
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		9,72,257	14,87,561
Loss / (Profit) of sale of tangible assets		–	(2,45,223)
Interest on loan from holding		76,02,160	59,04,638
Interest and dividend income		(58,774)	(15,309)
Effect of exchange differences on translation of assets and liabilities		43,62,480	(1,74,12,509)
Changes in assets and liabilities			
Trade receivables		26,08,13,944	(29,43,79,742)
Loans and advances and other assets		4,65,82,782	28,09,114
Liabilities and provisions		(19,67,72,350)	25,79,85,799
		2,39,15,658	(3,83,60,500)
Income taxes paid		(81,714)	(34,07,743)
NET CASH USED IN OPERATING ACTIVITIES		2,38,33,944	(4,17,68,243)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure		(52,13,441)	(5,26,027)
Proceeds from sale of fixed assets		–	4,50,325
Interest and dividend received		58,774	15,309
NET CASH USED IN INVESTING ACTIVITIES		(51,54,667)	(60,393)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest on loan from holding		(76,02,160)	(59,04,638)
Borrowings taken over from fellow subsidiaries		(1,05,33,928)	4,98,99,781
NET CASH PROVIDED BY FINANCING ACTIVITIES		(1,81,36,088)	4,39,95,143
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		5,43,189	21,66,507
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1,43,08,990	1,21,42,483
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1,48,52,179	1,43,08,990
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath

Chartered Accountants

Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
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Peter Ödman
Director

Stephen Wise
Director

Bengaluru
January 9, 2015

Significant accounting policies and notes on accounts

Company overview

Lodestone Management Consultants Pte Ltd. is a wholly-owned subsidiary of Lodestone Holding AG, Kloten (Switzerland). The Company render professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statement

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is the INR.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates may include computation of percentage-of-completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Revenue recognition

The method for recognizing revenues and cost depends on the nature of the services rendered and on the substance of the contractual agreement. Revenues and costs generated under time-and-material contracts are recognized as services are rendered.

An expected project loss is recognized as an expense immediately.

Revenue comprises the invoiced value for the services and expense reimbursements, net of value added tax, rebates and discounts.

1.6 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.7 Post-sales client support and warranties

The Company provides its clients with a fixed-period warranty for corrections of errors and telephone support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in cost of sales. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions.

1.8 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.10 Intangible assets

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably.

1.11 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows:

Buildings [1]	22-25 years
Plant and machinery [1]	5 years
Office equipment	5 years
Computer equipment [1]	3-5 years
Furniture and fixtures [1]	5 years
Vehicles [1]	5 years

[1] For these classes of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the Management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end. *(Refer to Note 2.8)*

1.12 Impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13 Benefits to employees

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.14 Foreign currency transactions in the books of holding company

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.15 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situations where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situations of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to Statement of Profit and Loss are credited to the securities premium reserve.

1.16 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

1.17 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.18 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.19 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight-line basis in the Statement of Profit and Loss over the lease term.

2 Notes on accounts for the year ended December 31, 2014

The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2014	2013
Authorized		
Equity shares, SGD 1 / - par value		
1,00,000 (1,00,000) equity shares	34,44,208	34,44,208
Issued, subscribed and paid-up		
100,000 (100,000) equity shares of SGD 1/- par value	34,44,208	34,44,208
(Of the above, 100,000 equity shares are held by the holding company, Lodestone Holding AG)		–
	34,44,208	34,44,208

The details of the shareholder holding more than 5% shares as at December 31, 2014 and December 31, 2013 are as follows:

in ₹

Name of the shareholder	As at December 31,			
	2014		2013	
	No. of shares	% held	No. of shares	% held
Lodestone Holding AG	1,00,000	100	1,00,000	100

The reconciliation of the number of the shares outstanding and the amount of share capital as at December 31, 2014 and December 31, 2013 is as follows:

in ₹

Particulars	As at December 31,			
	2014		2013	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning of the period	1,00,000	34,44,208	1,00,000	34,44,208
Add: Shares issued during the period	–	–	–	–
Number of shares at the end of the period	1,00,000.00	34,44,208	1,00,000.00	34,44,208

2.2 Reserves and surplus

in ₹

Particulars	2014	2013
Foreign currency translation reserve - Opening balance	(4,66,98,621)	(2,93,05,621)
Add: Foreign currency translation during the year	47,11,461	(1,73,93,000)
Foreign currency translation reserve - Closing balance	(4,19,87,160)	(4,66,98,621)
Surplus - Opening balance	(17,32,34,608)	(17,72,49,308)
Add: Net profit after tax transferred from Statement of Profit and Loss	(13,29,54,580)	40,14,700
Surplus - Closing balance	(30,61,89,188)	(17,32,34,608)
	(34,81,76,348)	(21,99,33,229)

2.3 Deferred taxes

in ₹

Particulars	As at December 31,	
	2014	2013
Deferred tax assets		
Accumulated losses	4,38,088	3,34,04,235
	4,38,088	3,34,04,235
Deferred tax asset after set off	4,38,088	3,34,04,235

2.4 Short-term borrowings

in ₹

Particulars	As at December 31,	
	2014	2013
From related parties - Unsecured [1]	32,67,53,704	33,72,87,632
	32,67,53,704	33,72,87,632
[1] *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.18)*	32,67,53,704	33,72,87,632

2.5 Trade payables

in ₹

Particulars	As at December 31,	
	2014	2013
Trade payables [1]	3,92,40,936	1,53,28,621
	3,92,40,936	1,53,28,621
[1] *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.18)*	3,71,41,016	1,51,17,596

2.6 Other current liabilities

in ₹

Particulars	As at December 31,	
	2014	2013
Accrued salaries and benefits		
Salaries and benefits	–	81,424
Bonus and incentives	1,70,13,648	1,26,79,103
Other liabilities		
Provision for expenses [1]	1,06,41,632	60,42,215
Withholding and other taxes payable	3,28,26,745	2,66,45,002

Particulars	As at December 31,	
	2014	2013
Advances received from clients [(2)]	–	24,33,23,967
Unearned revenue	8,42,160	8,13,400
Other payables [(3)]	29,75,740	–
	6,42,99,925	28,95,85,111
[(1)] *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.18)*	–	11,91,969
[(2)] *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.18)*	–	24,33,23,967
[(3)] *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.18)*	21,37,701	–

2.7 Short-term provisions

in ₹

Particulars	As at December 31,	
	2014	2013
Provision for employee benefits		
Unavailed leave	83,29,622	37,14,868
Provision for		
Income taxes	7,97,114	8,15,990
Post-sales client support and warranties and other provisions	–	14,233
	91,26,736	45,45,091

The movement in the provision for post-sales client support and warranties and other provisions is as follows :

in ₹

Particulars	Year ended December 31,	
	2014	2013
Balance at the beginning	14,233	–
Provision recognized / (reversal)	(6,136)	11,120
Provision utilized	–	–
Exchange difference during the period	(8,097)	3,113
Balance at the end	–	14,233

Provision for post-sales client support and warranties and other provisions is expected to be utilized over a period of six months to one year.

2.8 Fixed assets

The changes in the carrying value of fixed assets for the year ended December 31, 2014 are as follows:

in ₹, except as otherwise stated

Particulars	Tangible assets					Intangible assets		Total
	Leasehold Improvement	Office equipment	Computer equipment	Furniture and fixtures	Total	Intellectual property rights	Total	
Original cost								
As at January 1, 2014	–	2,90,470	80,65,152	–	83,55,622	4,89,477	4,89,477	88,45,099
Additions / adjustments during the period	–	–	52,13,441	–	52,13,441	–	–	52,13,441
Deductions / retirement during the period	–	–	–	–	–	–	–	–
Foreign exchange difference	–	(6,718)	(2,33,926)	–	(2,40,644)	(11,322)	(11,322)	(2,51,966)
As at December 31, 2014	–	2,83,752	1,30,44,667	–	1,33,28,419	4,78,155	4,78,155	1,38,06,574
Depreciation and amortization								
As at January 1, 2014	–	2,66,914	75,21,596	–	77,88,510	4,89,477	4,89,477	82,77,987
For the period	–	23,256	9,49,001	–	9,72,257	–	–	9,72,257
Deductions / adjustments during the period	–	–	–	–	–	–	–	–
Foreign exchange difference	–	(6,418)	(1,81,615)	–	(1,88,033)	(11,322)	(11,322)	(1,99,355)
As at December 31, 2014	–	2,83,752	82,88,982	–	85,72,734	4,78,155	4,78,155	90,50,889
Net book value								
As at December 31, 2014	–	–	47,55,685	–	47,55,685	–	–	47,55,685

The changes in the carrying value of fixed assets for the year ended December 31, 2013 are as follows:

in ₹, except as otherwise stated

Particulars	Tangible assets					Intangible assets		Total
	Leasehold Improvement	Office equipment	Computer equipment	Furniture and fixtures	Total	Intellectual property rights	Total	
Original cost								
As at January 1, 2013	33,80,738	5,60,476	69,25,583	3,67,521	1,12,34,318	4,50,931	4,50,931	1,16,85,249
Additions / adjustments during the period	–	–	5,26,027	–	5,26,027	–	–	5,26,027
Deductions / retirement during the period	(36,69,729)	(3,05,415)	–	(3,83,251)	(43,58,395)	–	–	(43,58,395)
Foreign exchange difference	2,88,991	35,409	6,13,542	15,730	9,53,672	38,546	38,546	9,92,218
As at December 31, 2013	–	2,90,470	80,65,152	–	83,55,622	4,89,477	4,89,477	88,45,099
Depreciation and amortization								
As at January 1, 2013	33,80,738	4,81,048	54,97,806	1,60,487	95,20,079	4,50,931	4,50,931	99,71,010
For the period	–	58,692	14,18,855	10,014	14,87,561	–	–	14,87,561
Deductions / adjustments during the period	(36,69,729)	(3,05,415)	–	(1,78,149)	(41,53,293)	–	–	(41,53,293)
Foreign exchange difference	2,88,991	32,589	6,04,935	7,648	9,34,163	38,546	38,546	9,72,709
As at December 31, 2013	–	2,66,914	75,21,596	–	77,88,510	4,89,477	4,89,477	82,77,987
Net book value								
As at December 31, 2013	–	23,556	5,43,556	–	5,67,112	–	–	5,67,112

During the quarter ended June 30, 2014, the Management based on internal and external technical evaluation, reassessed the remaining useful life of assets, primarily consisting of buildings and computers, with effect from April 1, 2014. Accordingly the useful lives of certain assets required a change from the previous estimates.

The existing and revised useful lives are as follows:

in ₹

Category of assets	Earlier useful life (Years)	Current useful life (Years)
Building	15	22-25
Plant and machinery	5	5
Computer equipment	2-5	3-5
Furniture and fixtures	5	5
Vehicles	5	5

Had the Company continued with the previously assessed useful lives, the charge for depreciation for the twelve months ended December 31, 2014 would have been higher by ₹ 258,133 respectively, for assets held at April 1, 2014. The revision of the useful lives will result in the following changes in the depreciation expense as compared to the original useful life of the assets:

in ₹

Particulars	Year ended December, 2015	After year ended December, 2015
Increase / (decrease) in depreciation expense	(1,20,000)	3,78,133

The Company has entered into lease-cum-sale agreements to acquire certain properties. In accordance with the terms of some of these agreements, the Company has the option to purchase or renew the properties on expiry of the lease period.

2.9 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the year and the maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹

Particulars	Year ended December 31,	
	2014	2013
Lease rentals recognized during the year	–	12,62,067

in ₹

Lease obligations payable	As at December 31,	
	2014	2013
Within one year of the Balance Sheet date	–	–
Due in a period between one year and five years	–	–
Due after five years	–	–

The operating lease arrangements, are renewable on a periodic basis and for most of the leases extend up to a maximum of 10 years from their respective dates of inception and relate to rented premises. Some of these lease agreements have price escalation clauses.

2.10 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Other loans and advances	–	–
Advance income taxes	–	(62,838)
Loans and advances to employees	–	25,56,396
	–	24,93,558

2.11 Trade receivables

in ₹

Particulars	As at December 31,	
	2014	2013
Other debts		
Unsecured		
Considered good [1]	5,27,36,668	31,35,50,612
	5,27,36,668	31,35,50,612
[1] *Includes dues from holding company and fellow subsidiaries (Refer to Note 2.18)*	4,43,26,554	30,96,05,557

2.12 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2014	2013
Cash on hand	25,340	26,549
Balances with banks		
In current accounts	1,48,26,839	1,42,82,441
	1,48,52,179	1,43,08,990

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
In current accounts		
Citibank (SGD)	18,46,655	1,42,00,398
Citibank (USD)	1,29,80,184	82,043
Total cash and cash equivalents as per Balance Sheet	1,48,26,839	1,42,82,441

2.13 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Others		
Advances		
Prepaid expenses	14,38,426	11,59,359
Withholding and other taxes receivable	1,91,43,647	–
Others	7,07,616	6,29,96,146
	2,12,89,689	6,41,55,505
Unbilled revenues	–	14,11,047
Salary advances	6,16,852	3,66,375
	2,19,06,541	6,59,32,927
[1] *Includes dues from holding company and fellow subsidiaries (Refer to Note 2.18)*	5,01,060	–

2.14 Other income

in ₹

Particulars	Year ended December 31,	
	2014	2013
Interest received on deposits with banks and others	58,774	15,309
Miscellaneous income, net	78,441	68,81,142
Gains / (losses) on foreign currency, net	35,47,774	4,27,393
	36,84,989	73,23,844

2.15 Expenses

in ₹

Particulars	Year ended December 31,	
	2014	2013
Employee benefit expenses		
Salaries and bonus	39,60,84,654	23,98,45,858
Staff welfare	7,29,295	27,67,531
	39,68,13,949	24,26,13,389
Travel expenses		
Traveling and conveyance	2,76,31,179	1,82,16,009
	2,76,31,179	1,82,16,009
Cost of technical sub-contractor		
Technical sub-contractor - subsidiaries	8,76,88,355	8,27,01,862
Technical sub-contractor - others	2,79,90,995	–
	11,56,79,350	8,27,01,862
Communication expenses		
Telephone charges	37,03,320	36,89,288
	37,03,320	36,89,288

in ₹

Particulars	Year ended December 31,	
	2014	2013
Other expenses		
Office maintenance	4,86,533	2,93,325
Brand building	1,17,753	93,641
Rent	–	12,62,067
Rates and taxes, excluding taxes on income	2,54,692	–
Repairs to plant and machinery	32,829	54,749
Computer maintenance	9,297	60,103
Insurance charges	–	2,40,349
Provision for post-sales client support and warranties	(6,136)	11,120
Bad debt written off	6,05,35,501	–
Statutory audit fees	10,58,355	10,22,588
Bank charges	3,61,916	2,84,142
Miscellaneous expenses	21,04,684	25,79,330
	6,49,55,424	59,01,414

2.16 Tax expense

in ₹

Particulars	Year ended December 31,	
	2014	2013
Current tax	–	–
Deferred taxes	3,33,67,739	14,90,471
	3,33,67,739	14,90,471

2.17 Quantitative details

The Company is primarily engaged in the development and maintenance of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per Schedule III to the Companies Act, 2013.

2.18 Related party transactions

List of related parties:

in ₹

Name of related party	Country	Holding as at December 31,	
		2014	2013
Lodestone Holding AG	Switzerland	100%	100%

Name of ultimate holding company	Country
Infosys Limited [1]	India

[1] *Holding of Lodestone Holding AG from October 22, 2012*

Name of fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Mexico	Mexico
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Brasil	Brazil
Infosys Public Services, Inc.	U.S.
Infosys Consulting India Limited [1]	India
Infosys Americas [2]	U.S.
Infosys BPO s.r.o [3]	Czech Republic
Infosys BPO (Poland) Sp. z o.o. [3]	Poland
Infosys BPO S. de R. L. de C. V. [3][11]	Mexico
Infosys McCamish Systems LLC [3]	U.S.
Portland Group Pty. Ltd. [3]	Australia
Portland Procurement Services Pty. Ltd. [7]	Australia
Infosys Australia [4]	Australia
EdgeVerve Systems Limited [10]	India
Lodestone Management Consultants (Canada) Inc. [5][9]	Canada
Lodestone Management Consultants Inc. [5]	U.S.
Lodestone Management Consultants Pty. Limited [5]	Australia
Lodestone Management Consultants AG [5]	Switzerland
Lodestone Augmentis AG [8]	Switzerland
Hafner Bauer & Ödman GmbH [5]	Switzerland
Lodestone Management Consultants (Belgium) S.A. [6]	Belgium
Lodestone Management Consultants GmbH [5]	Germany
Lodestone Management Consultants GmbH [5]	Austria
Lodestone Management Consultants SAS [5]	France
Lodestone Management Consultants s.r.o. [5]	Czech Republic
SC Lodestone Management Consultants S.R.L. [6]	Romania
Lodestone Management Consultants China Co., Ltd. [5]	China
Lodestone Management Consultants Ltd. [5]	U.K.
Lodestone Management Consultants BV [5]	Netherlands
Lodestone Management Consultants Ltda. [6]	Brazil
Lodestone Management Consultants sp. z o.o. [5]	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA [5]	Portugal
Lodestone Management Consultants S.R.L. [5]	Argentina
Infosys Canada Public Services Ltd.[12][13]	Canada

[1] *The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.*
[2] *Incorporated effective June 25, 2013*
[3] *Wholly-owned subsidiaries of Infosys BPO.*
[4] *Under liquidation*
[5] *Wholly-owned subsidiaries of Lodestone Holding AG*
[6] *Majority-owned and controlled subsidiaries of Lodestone Holding AG*
[7] *Wholly-owned subsidiary of Portland Group Pty. Ltd. Liquidated effective May 14, 2014.*
[8] *Wholly-owned subsidiary of Lodestone Management Consultants AG*
[9] *Liquidated effective December 31, 2013*
[10] *Incorporated effective February 14, 2014*
[11] *Incorporated effective February 14, 2014*
[12] *Incorporated effective December 19, 2014*
[13] *Wholly-owned subsidiary of Infosys Public Services, Inc.*

The details of amounts due to or due from as at December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
Short-term borrowings		
Lodestone Holding AG	32,67,53,704	33,72,87,632
FX valuation on above	–	–
Trade receivables		
Lodestone Management Consultants AG	66,20,320	8,17,460
Lodestone Management Consultants Pty. Limited	–	52,44,585
Lodestone Management Consultants Ltd.	26,53,232	–
Lodestone Management Consultants Co., Ltd.	79,67,129	10,34,088
Infosys Limited	2,70,85,873	30,13,00,722
FX valuation on above	–	12,08,702
Other receivables		
Lodestone Management Consultants Pty. Limited	5,01,060	–
Trade Payables		
Lodestone Management Consultants sp. z o.o.	70,903	1,75,468
Lodestone Management Consultants Ltd.	14,30,371	1,47,22,168
Lodestone Management Consultants GmbH	10,63,399	–
Lodestone Management Consultants Co., Ltd.	23,98,694	–
Lodestone Management Consultants (Belgium) S.A.	31,48,308	–
Lodestone Management Consultants BV	2,90,29,341	–
FX valuation on above	–	2,19,960
Other payables		
Lodestone Management Consultants Co., Ltd.	21,37,701	–
Provision for expense		
Infosys Limited	–	11,91,969
Advance received		
Lodestone Management Consultants Ltd.	–	24,33,23,967

The details of the related party transactions entered into by the Company for the year ended December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	Year ended December 31,	
	2014	2013
Capital transactions:		
Revenue transactions:		
Purchase of services		
Lodestone Management Consultants Pty. Limited	–	1,40,35,096
Lodestone Management Consultants sp. z o.o.	9,11,298	5,91,306
Lodestone Augmentis Ltd.	1,29,08,202	–
Lodestone Management Consultants Ltd.	–	5,16,97,959
Lodestone Management Consultants Co., Ltd.	42,44,878	–
Lodestone Management Consultants GmbH	57,33,348	–
Lodestone Management Consultants BV	4,77,38,410	
Lodestone Management Consultants (Belgium) S.A. (9)	1,82,63,698	
Infosys Limited	(12,00,181)	11,96,361
Interest expense		
Lodestone Holding AG	75,98,280	59,04,027
Sale of services		
Lodestone Management Consultants Pty. Limited	64,38,798	65,79,570
Lodestone Management Consultants AG	2,76,52,769	82,03,365
Lodestone Management Consultants Co., Ltd.	69,96,641	–
Lodestone Management Consultants GmbH	64,35,939	–
Lodestone Augmentis Ltd.	6,82,20,205	–
Lodestone Management Consultants Ltd.	–	4,13,94,685
Infosys Limited	35,89,85,507	27,28,21,717

2.19 Segment reporting

The Company is engaged in providing consultancy services in a single geography. Its operations are therefore considered to constitute a single segment in the context of Accounting Standard 17 - Segment Reporting

2.20 Function-wise classification of Statement of Profit and Loss

in ₹

Particulars	Year ended December 31,	
	2014	2013
Income from software services and products	52,56,26,392	36,96,58,831
Software development expenses	44,05,96,058	32,03,02,785
GROSS PROFIT	8,50,30,334	4,93,56,046
Selling and marketing expenses	5,94,22,874	21,09,895
General and administration expenses	12,03,04,873	4,16,72,625
	17,97,27,747	4,37,82,520
OPERATING PROFIT BEFORE INTEREST AND DEPRECIATION	(9,46,97,413)	55,73,526
Interest	76,02,160	59,04,638
Depreciation and amortization	9,72,257	14,87,561
OPERATING PROFIT	(10,32,71,830)	(18,18,673)
Other income	36,84,989	73,23,844
PROFIT BEFORE TAX	(9,95,86,841)	55,05,171
Tax expense:		
Current tax	–	–
Deferred tax	3,33,67,739	14,90,471
PROFIT FOR THE PERIOD	(13,29,54,580)	40,14,700

The accompanying notes form an integral part of the standalone financial statements
As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Peter Ödman
Director

Stephen Wise
Director

Bengaluru
January 9, 2015


Lodestone Management
Consultants Pty. Ltd.

Independent Auditors' Report

To the Members of Lodestone Management Consultants Pty. Ltd.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Lodestone Management Consultants Pty. Limited ('the Company'), which comprises the Balance sheet as at December 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act, Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2014 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Place: Bengaluru
Date: January 9, 2015

Balance Sheet

in ₹

Particulars	Note	As at December 31,	
		2014	2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	14,914	14,914
Reserves and surplus	2.2	(8,11,35,809)	(8,38,56,392)
		(8,11,20,895)	(8,38,41,478)
CURRENT LIABILITIES			
Short term borrowings	2.4	19,24,92,423	27,81,24,409
Trade payables		1,14,55,380	5,07,24,542
Other current liabilities	2.5	23,04,78,461	1,05,51,30,729
Short-term provisions	2.6	9,21,81,152	9,98,63,013
		52,66,07,416	1,48,38,42,693
		44,54,86,521	1,40,00,01,215
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.7	2,01,17,060	2,78,80,630
Intangible assets	2.7	–	–
		2,01,17,060	2,78,80,630
Deferred tax assets	2.3	4,37,96,046	10,59,31,360
Long-term loans and advances	2.9	57,279	99,16,613
		6,39,70,385	14,37,28,603
CURRENT ASSETS			
Trade receivables	2.10	19,67,37,723	1,18,54,59,482
Cash and cash equivalents	2.11	3,55,31,090	1,72,19,655
Short-term loans and advances	2.12	14,92,47,323	5,35,93,475
		38,15,16,136	1,25,62,72,612
		44,54,86,521	1,40,00,01,215
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Peter Ödman
Director

Ronald Hafner
Director

Bengaluru
January 9, 2015

Statement of Profit and Loss

in ₹, except per share data

Particulars	Note	Year ended December 31,	
		2014	2013
Income from consultancy services		1,64,99,49,559	1,43,71,08,790
Other income	2.13	(1,61,57,345)	74,56,905
Total revenue		1,63,37,92,214	1,44,45,65,695
Expenses			
Employee benefit expenses	2.14	87,20,73,513	65,66,56,920
Cost of technical sub-contractors	2.14	61,11,62,211	45,34,76,833
Travel expenses	2.14	4,73,71,756	4,10,40,049
Cost of software packages and others	2.14	5,50,995	7,37,852
Communication expenses	2.14	1,03,94,417	1,27,58,239
Professional charges		3,47,49,721	4,11,29,829
Interest expenses	2.14	97,97,421	1,62,70,819
Depreciation and amortization expenses	2.7	1,12,57,710	1,13,92,037
Other expenses	2.14	2,72,55,326	2,79,74,052
Total expenses		1,62,46,13,070	1,26,14,36,630
PROFIT BEFORE TAX		91,79,144	18,31,29,065
Tax expense:			
Current tax	2.15	–	(64,24,816)
Deferred tax	2.15	(7,01,34,993)	6,43,75,965
PROFIT FOR THE PERIOD		7,93,14,137	12,51,77,916
EARNINGS PER EQUITY SHARE			
Equity shares of par value AUD 1 / - each			
Basic		2,64,380	4,17,260
Number of shares used in computing earnings per share			
Basic		300	300
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath

Chartered Accountants

Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Peter Ödman
Director

Ronald Hafner
Director

Bengaluru
January 9, 2015

Cash Flow Statement

in ₹

Particulars	Note	Year ended December 31, 2014	Year ended December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		91,79,144	18,31,29,065
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		1,12,57,710	1,13,92,037
Interest and dividend income		(4,52,304)	(4,91,988)
Loss / (Profit) of sale of tangible assets		–	2,09,442
Provision for doubtful debts		14,07,377	–
Effect of exchange differences on translation of assets and liabilities		(7,52,23,838)	6,65,04,403
Other non-cash items		(4,95,662)	6,25,523
Changes in assets and liabilities			
Trade receivables		98,73,14,382	(1,08,87,23,743)
Loans and advances and other assets		(9,57,11,127)	(3,21,84,344)
Liabilities and provisions		(81,28,86,766)	1,02,56,61,278
		2,43,88,916	16,61,21,673
Income taxes paid		8,39,66,057	(5,28,78,987)
NET CASH GENERATED BY OPERATING ACTIVITIES		10,83,54,973	11,32,42,686
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure (including intangible assets)		(48,63,856)	(1,01,69,775)
Proceeds from sale of fixed assets		–	2,90,106
Interest received		4,52,304	4,91,988
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(44,11,552)	(93,87,681)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan repayment to parent		(8,56,31,986)	(10,75,61,638)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(8,56,31,986)	(10,75,61,638)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		1,83,11,435	(37,06,633)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1,72,19,655	2,09,26,288
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		3,55,31,090	1,72,19,655
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath

Chartered Accountants

Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Peter Ödman
Director

Ronald Hafner
Director

Bengaluru
January 9, 2015

Significant accounting policies

Company overview

Lodestone Management Consultants Pty. Limited is a wholly-owned subsidiary of Lodestone Holding AG, Kloten (Switzerland). The Company renders professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is the INR.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates may include computation of percentage-of-completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Revenue recognition

The method for recognizing revenues and cost depends on the nature of the services rendered and on the substance of the contractual agreement. Revenues and costs generated under time-and-material contracts are recognized as services are rendered.

An expected project loss is recognized as an expense immediately.

Revenue comprises the invoiced value for the services and expense reimbursements, net of value added tax, rebates and discounts.

1.6 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.7 Post-sales client support and warranties

The Company provides its clients with a fixed-period warranty for corrections of errors and telephone support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in cost of sales. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions.

1.8 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.10 Intangible assets

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably.

1.11 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows:

Buildings [1]	22-25 years
Plant and machinery [1]	5 years
Office equipment	5 years
Computer equipment [1]	3-5 years
Furniture and fixtures [1]	5 years
Vehicles [1]	5 years

[1] For these classes of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end. *(Refer to Note 2.7)*

1.12 Impairment

The Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13 Benefits to employees

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.14 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.15 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situations where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situations of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

1.16 Earnings per share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share are computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

1.17 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.18 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.19 Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight-line basis in the Statement of Profit and Loss over the lease term.

2 Notes on accounts for the year ended December 31, 2014

The previous period figures have been regrouped / reclassified, wherever necessary, to conform to the current period presentation.

2.1 Share capital

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Authorized		
Issued, subscribed and paid-up		
300 equity shares of AUD 1 / - par value	14,914	14,914
Issued, subscribed and paid-up		
300 equity shares of AUD 1 / - par value	14,914	14,914
(Of the above, 300 equity shares are held by the holding company, Lodestone Holding AG)		
	14,914	14,914

The details of the shareholder holding more than 5% shares as at December 31, 2014 and December 31, 2013 is as follows:

Name of the shareholder	As at December 31, 2014		As at December 31, 2013	
	No. of shares	% held	No. of shares	% held
Lodestone Holding AG	300	100	300	100

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2014 and December 31, 2013 is as follows:

in ₹

Particulars	As at December 31, 2014		As at December 31, 2013	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning	300	14,914	300	14,914
Add: Shares issued during the year	–	–	–	–
Number of shares at the end	300	14,914	300	14,914

2.2 Reserves and surplus

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Foreign currency translation reserve - Opening balance	(30,68,614)	(1,01,01,474)
Add: Foreign currency translation during the year	(7,65,93,554)	70,32,860
Foreign currency translation reserve - Closing balance	(7,96,62,168)	(30,68,614)
Surplus- Opening balance	(8,07,87,778)	(20,59,65,694)
Add: Net profit after tax transferred from Statement of Profit and Loss	7,93,14,137	12,51,77,916
Amount available for appropriation	(14,73,641)	(8,07,87,778)
Surplus – Closing balance	(14,73,641)	(8,07,87,778)
	(8,11,35,809)	(8,38,56,392)

2.3 Deferred taxes

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Deferred tax assets		
Unavailed leave	2,76,23,911	–
Accrued compensation to employees	1,14,68,256	–
Post-sales client support	30,421	–
Accumulated losses	5,81,127	10,59,31,360
Others	40,92,331	–
	4,37,96,046	10,59,31,360

2.4 Short-term borrowings

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Unsecured		
From parent company *(Refer to Note 2.17)*	19,24,92,423	27,81,24,409
	19,24,92,423	27,81,24,409

2.5 Other current liabilities

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Accrued salaries and benefits		
Salaries and benefits	6,78,568	2,16,033
Bonus and incentives	2,44,08,378	3,94,84,339
Other liabilities		
Provision for expenses (1)	5,26,27,600	5,00,36,561
Withholding and other taxes payable	14,95,60,149	10,58,59,412
Unearned revenue	26,99,652	2,52,70,800
Other payables (2)	5,04,114	83,42,63,584
	23,04,78,461	1,05,51,30,729
(1) Includes Provision for expenses for holding and fellow subsidiaries (Refer to Note 2.17)	–	1,39,11,187
(2) Includes liabilities payable to holding and fellow subsidiaries (Refer to Note 2.17)	5,04,114	83,42,63,584

2.6 Short-term provisions

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Provision for employee benefits		
Unavailed leave	9,20,79,703	4,10,20,265
Income taxes (net of advance tax and TDS)	–	5,82,20,863
Post-sales client support, warranties and other provisions	1,01,449	6,21,885
	9,21,81,152	9,98,63,013

The movement in the provision for post-sales client support and warranties and other provisions is as follows:

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Balance at the beginning	6,21,885	–
Provision recognized / (reversal)	(4,95,662)	6,25,523
Provision utilized		–
Exchange difference during the period	(24,774)	(3,638)
Balance at the end	1,01,449	6,21,885

Provision for post-sales client support is expected to be utilized over a period of six months to one year.

2.7 Fixed assets

in ₹, except as otherwise stated

Particulars	Tangible assets					Intangible assets		Total
	Leasehold Improvement	Office equipment	Computer equipment	Furniture and fixtures	Total	Software	Total	
Original cost								
As at January 1, 2014	2,97,70,752	82,33,591	1,04,04,203	13,26,506	4,97,35,052	6,58,729	6,58,729	5,03,93,781
Additions/Adjustments during the period	–	–	36,64,216	11,99,640	48,63,856	–	–	48,63,856
Deductions / Retirement during the period	(12,88,549)	(2,46,109)	26,76,028	3,36,267	14,77,637	(16,701)	(16,701)	14,60,936
As at December 31, 2014	2,84,82,203	79,87,482	1,67,44,447	28,62,413	5,60,76,545	6,42,028	6,42,028	5,67,18,573
Depreciation and amortization								
As at January 1, 2014	84,77,617	32,62,680	88,55,776	12,58,349	2,18,54,422	6,58,729	6,58,729	2,25,13,151
For the period	59,37,145	39,74,926	11,03,752	2,41,887	1,12,57,710	–	–	1,12,57,710
Deductions / Adjustments during the period	(3,16,426)	(1,69,992)	29,37,339	3,96,432	28,47,353	(16,701)	(16,701)	28,30,652
As at December 31, 2014	1,40,98,336	70,67,614	1,28,96,867	18,96,668	3,59,59,485	6,42,028	6,42,028	3,66,01,513
Net book value								
As at December 31, 2014	1,43,83,867	9,19,868	38,47,580	9,65,745	2,01,17,060	–	–	2,01,17,060

The changes in the carrying value of fixed assets for the year ended December 31, 2013 are as follows:

in ₹, except as otherwise stated

Particulars	Tangible assets					Intangible assets		Total
	Leasehold Improvement	Office equipment	Computer equipment	Furniture and fixtures	Total	Software	Total	
Original cost								
As at January 1, 2013	3,10,67,174	3,65,682	1,06,42,914	16,27,762	4,37,03,532	6,82,000	6,82,000	4,43,85,532
Additions / Adjustments during the period	–	81,41,021	19,71,757	56,997	1,01,69,775	–	–	1,01,69,775
Deductions / Retirement during the period	(12,96,422)	(2,73,112)	(22,10,468)	(3,58,253)	(41,38,255)	(23,271)	(23,271)	(41,61,526)
As at December 31, 2013	2,97,70,752	82,33,591	1,04,04,203	13,26,506	4,97,35,052	6,58,729	6,58,729	5,03,93,781
Depreciation and amortization								
As at January 1, 2013	27,63,569	3,65,682	86,02,924	14,33,495	1,31,65,670	5,96,533	5,96,533	1,37,62,203
For the period	61,02,236	30,52,026	21,01,622	53,063	1,13,08,947	83,090	83,090	1,13,92,037
Deductions / Adjustments during the period	(3,88,188)	(1,55,028)	(18,48,770)	(2,28,209)	(26,20,195)	(20,894)	(20,894)	(26,41,089)
As at December 31, 2013	84,77,617	32,62,680	88,55,776	12,58,349	2,18,54,422	6,58,729	6,58,729	2,25,13,151
Net book value								
As at December 31, 2013	2,12,93,135	49,70,911	15,48,427	68,157	2,78,80,630	–	–	2,78,80,630

During the quarter ended June 30, 2014, the Management, based on internal and external technical evaluation, reassessed the remaining useful life of assets primarily consisting of buildings and computers with effect from April 1, 2014. Accordingly the useful lives of certain assets required a change from the previous estimates.

The existing and revised useful lives are as below:

Category of assets	Earlier useful life (Years)	Current useful life (Years)
Building	15	22-25
Plant and machinery	5	5
Computer equipment	2-5	3-5
Furniture and fixtures	5	5
	5	5

Had the Company continued with the previously assessed useful lives, charge for depreciation for the twelve months ended December 31, 2014 would have been higher by ₹3,00,503 respectively, for assets held at April 1, 2014. The revision of the useful lives will result in the following changes in the depreciation expense as compared to the original useful life of the assets.

Particulars	Year ended December,		After year ended December, 2016
	2015	2016	
Increase / (decrease) in depreciation expense	51,771	1,94,414	54,318

The Company has entered into lease-cum-sale agreements to acquire certain properties. In accordance with the terms of some of these agreements, the Company has the option to purchase or renew the properties on expiry of the lease period.

2.8 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the year and the maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
Lease rentals recognized during the year	1,13,04,503	1,47,07,863

in ₹

Lease obligations payable	As at December 31,	
	2014	2013
Within one year of the Balance Sheet date	62,88,493	1,28,61,179
Due in a period between one year and five years	76,09,833	1,82,93,224

2.9 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Other loans and advances		
Advance income taxes (net of provisions)	–	99,16,613
Loans and advances to employees	57,279	
	57,279	99,16,613

2.10 Trade receivables

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured		
Considered good	19,80,40,253	1,18,54,59,482
Less: Provision for doubtful debts	13,02,530	–
	19,67,37,723	1,18,54,59,482
(1) Includes dues from holding and fellow Subsidiaries (Refer to Note 2.16)	15,92,01,707	1,09,31,83,179

2.11 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2014	2013
Cash on hand		–
Balances with banks		
In current accounts	3,55,31,090	1,72,19,655
	3,55,31,090	1,72,19,655

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
In current accounts		
Westpac, Australia	3,55,31,090	1,72,19,655

2.12 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Prepaid expenses	9,43,547	15,49,487
Withholding and other taxes receivable	12,37,34,270	1,30,54,184
Others (1)	–	10,02,999
	12,46,77,817	1,56,06,670
Unbilled revenues (2)	1,94,86,383	3,30,15,475
Rental deposits	50,83,123	49,71,330
	14,92,47,323	5,35,93,475
(1) Includes Receivables from fellow Subsidiaries (Refer to Note 2.17)	–	10,02,999
(2) Includes Unbilled Revenues from holding and fellow subsidiaries (Refer to Note 2.17)	–	3,25,46,912

2.13 Other income

in ₹

Particulars	Year ended December 31,	
	2014	2013
Interest received on deposits with banks and others	4,52,304	4,91,988
Miscellaneous income, net	2,542	1,23,804
Gains / (losses) on foreign currency, net	(1,66,12,191)	68,41,113
	(1,61,57,345)	74,56,905

2.14 Expenses

in ₹

Particulars	Year ended December 31,	
	2014	2013
Employee benefit expenses		
Salaries and bonus	86,67,85,124	65,26,13,815
Staff welfare	52,88,389	40,43,105
	87,20,73,513	65,66,56,920
Travel expenses		
Traveling and conveyance	4,73,71,756	4,10,40,049
	4,73,71,756	4,10,40,049
Cost of software packages and others		
For own use	5,50,995	7,37,852
	5,50,995	7,37,852
Communication expenses		
Telephone charges	1,03,94,417	1,27,58,239
	1,03,94,417	1,27,58,239
Cost of technical sub-contractors		
Cost of technical sub-contractors - others	59,62,63,115	43,53,59,464

Particulars	Year ended December 31,	
	2014	2013
Cost of technical sub-contractors - subsidiaries	1,48,99,096	1,81,17,369
	61,11,62,211	45,34,76,833
Interest expenses		
Bank interest	1,25,091	3,11,656
Interest on loan from subsidiaries	96,72,330	1,59,59,163
	97,97,421	1,62,70,819

in ₹

Particulars	Year ended December 31,	
	2014	2013
Other expenses		
Office maintenance	5,17,422	8,68,369
Power and fuel	2,52,532	7,01,119
Brand building	–	2,27,480
Rent	1,13,04,503	1,47,07,863
Rates and taxes, excluding taxes on income	32,00,601	23,623
Repairs to plant and machinery	3,96,816	–
Computer maintenance	1,33,395	12,80,707
Insurance charges	8,61,997	14,66,852
Provision for bad and doubtful debts and advances	14,07,377	–
Statutory audit fees	20,59,372	10,43,109
Bank charges	86,612	60,450
Provision for post sales Customer support	(4,95,662)	6,25,523
Miscellaneous expenses	75,30,361	69,68,957
	2,72,55,326	2,79,74,052

2.15 Tax expense

in ₹

	Year ended December 31,	
	2014	2013
Current tax		
Income taxes	–	(64,24,816)
Deferred taxes	(7,01,34,993)	6,43,75,965
	(7,01,34,993)	5,79,51,149

2.16 Quantitative details

The Company is primarily engaged in the development and maintenance of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per Schedule III to the Companies Act, 2013.

2.17 Related party transactions

List of related parties:

Name of the holding company	Country	Holding as at December 31,	
		2014	2013
Lodestone Holding AG	Switzerland	100%	100%

Name of the ultimate holding company	Country
Infosys Limited	India

Name of fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Mexico	Mexico
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Brasil	Brazil

Name of fellow subsidiaries	Country
Infosys Public Services, Inc.	U.S.
Infosys Consulting India Limited (1)	India
Infosys Americas (2)	U.S.
Infosys BPO s. r. o (3)	Czech Republic
Infosys BPO (Poland) Sp. z o.o. (3)	Poland
Infosys BPO S. de R. L. de C. V. (3)(11)	Mexico
Infosys McCamish Systems LLC (3)	U.S.
Portland Group Pty. Ltd. (3)	Australia
Portland Procurement Services Pty. Ltd. (7)	Australia
Infosys Australia (4)	Australia
EdgeVerve Systems Limited (10)	India
Lodestone Management Consultants (Canada) Inc. (5)(9)	Canada
Lodestone Management Consultants Inc. (5)	U.S.
Lodestone Management Consultants AG (5)	Switzerland
Lodestone Augmentis AG (8)	Switzerland
Hafner Bauer & Ödman GmbH (5)	Switzerland
Lodestone Management Consultants (Belgium) S.A. (6)	Belgium
Lodestone Management Consultants GmbH (5)	Germany
Lodestone Management Consultants Pte Ltd. (5)	Singapore
Lodestone Management Consultants SAS (5)	France
Lodestone Management Consultants s.r.o. (5)	Czech Republic
Lodestone Management Consultants GmbH (5)	Austria
Lodestone Management Consultants Co., Ltd. (5)	China
Lodestone Management Consultants Ltd. (5)	U.K.
Lodestone Management Consultants BV (5)	Netherlands
Lodestone Management Consultants Ltda. (6)	Brazil
Lodestone Management Consultants Sp. z.o.o. (5)	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA (5)	Portugal
SC Lodestone Management Consultants S.R.L. (5)	Romania
Lodestone Management Consultants S.R.L. (5)	Argentina
Infosys Canada Public Services Ltd. (12)	Canada

(1) *The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.*
(2) *Incorporated effective June 25, 2013*
(3) *Wholly-owned subsidiaries of Infosys BPO.*
(4) *Under liquidation*
(5) *Wholly-owned subsidiaries of Lodestone Holding AG*
(6) *Majority-owned and controlled subsidiaries of Lodestone Holding AG*
(7) *Wholly-owned subsidiary of Portland Group Pty. Ltd. Liquidated effective May 14, 2014.*
(8) *Wholly-owned subsidiary of Lodestone Management Consultants AG*
(9) *Liquidated effective December 31, 2013*
(10) *Incorporated effective February 14, 2014*
(11) *Incorporated effective February 14, 2014*
(12) *Incorporated effective December 19, 2014, wholly-owned subsidiary of Infosys Public Services, Inc.*

The details of amounts due to or due from as at December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured Loans		
Lodestone Holding AG	19,24,92,423	27,81,24,409
Total	19,24,92,423	27,81,24,409
Trade Receivables		
Lodestone Management Consultants AG	42,92,164	12,26,134
Lodestone Management Consultants Ltd.	1,08,528	–
Infosys Limited	14,92,47,172	1,08,29,61,852
Infosys BPO	55,53,843	–

Particulars	As at December 31,	
	2014	2013
FX valuation on above	–	89,95,193
Total	15,92,01,707	1,09,31,83,179
Other payables		
Lodestone Management Consultants Pte Ltd.	5,01,060	–
Infosys Limited	3,054	
Lodestone Management Consultants Ltd, U.K.	–	83,42,63,584
FX valuation on above	–	–
Total	5,04,114	83,42,63,584
Trade payables		
Lodestone Management Consultants AG	1,25,98,458	1,72,10,916
Lodestone Management Consultants Sp. z.o.o.	97,318	–
Lodestone Management Consultants Pte Ltd, Singapore	–	52,51,033
Lodestone Management Consultants Ltd.	–	–
Lodestone Management Consultants SAS	–	–
FX valuation on above	–	10,53,517
Total	1,26,95,776	2,35,15,466
Other receivables		
Lodestone Management Consultants Sp. z.o.o.	–	7,38,277
Lodestone Management Consultants Ltd.	–	2,64,722
Total	–	10,02,999
Provision for expenses		
Infosys Limited	–	1,04,15,789
Infosys BPO	–	34,95,398
Total	–	1,39,11,187
Unbilled revenue		
Infosys BPO	–	3,25,46,912
Total	–	3,25,46,912

The details of the related party transactions entered into by the Company for the year ended December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	Year ended December 31,	
	2014	2013
Capital transactions:		
Loan / (Repayment of Loan)		
Lodestone Holding AG	(7,75,20,000)	–
Revenue transactions:		
Purchase of Services		
Lodestone Management Consultants Sp. z.o.o.	11,55,295	10,05,800
Lodestone Management Consultants Pte Ltd.	64,21,185	–
Portland Group Pty. Ltd	23,74,304	–
Lodestone Management Consultants Ltd.	1,75,77,000	–
Infosys Limited	(1,14,73,393)	
Lodestone Management Consultants Ltd, U.K.	–	1,68,60,851
Lodestone Management Consultants Pte Ltd, Singapore	–	65,65,131
Lodestone Management Consultants AG	1,71,31,008	1,71,95,295
Total	3,31,85,399	4,16,27,077
Interest expense		
Lodestone Holding AG	96,72,330	1,59,59,163
Total	96,72,330	1,59,59,163
Sale of services		
Lodestone Management Consultants AG	1,71,13,123	1,71,48,764
Portland Group Pty. Ltd	21,64,083	–
Lodestone Management Consultants GmbH	3,36,535	–
Lodestone Management Consultants Ltd.	21,95,883	7,18,29,756
Infosys Limited	1,28,03,22,313	1,01,74,39,670
Infosys BPO	5,46,04,796	–
Lodestone Management Consultants Pte Ltd, Singapore	–	1,40,97,436
Total	1,35,67,36,733	1,12,05,15,626

2.18 Segment reporting

The Company is engaged in providing consultancy services in a single geography. Its operations are therefore considered to constitute a single segment in the context of Accounting Standard 17 - Segment Reporting

2.19 Function-wise classification of Statement of Profit and Loss

in ₹

Particulars	Year ended December 31, 2014	Year ended December 31, 2013
Income from consultancy services	1,64,99,49,559	1,43,71,08,790
Software development expenses	1,40,56,16,542	1,13,55,85,364
GROSS PROFIT	24,43,33,017	30,15,23,426
Selling and marketing expenses	10,17,43,162	17,32,342
General and administration expenses	9,61,98,235	9,64,56,068
	19,79,41,397	9,81,88,410
OPERATING PROFIT BEFORE DEPRECIATION	4,63,91,620	20,33,35,016
Depreciation and amortization	1,12,57,710	1,13,92,037
Finance cost	97,97,421	1,62,70,819
OPERATING PROFIT	2,53,36,489	17,56,72,160
Other income	(1,61,57,345)	74,56,905
PROFIT BEFORE TAX	91,79,144	18,31,29,065
Tax expense:		
Current tax	–	(64,24,816)
Deferred tax	(7,01,34,993)	6,43,75,965
PROFIT FOR THE PERIOD	7,93,14,137	12,51,77,916

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

Peter Ödman
Director

Ronald Hafner
Director

Bengaluru
January 9, 2015

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Lodestone Management
Consultants SAS

Independent Auditors' Report

To the Members of Lodestone Management Consultants SAS

Report on the standalone Financial Statements

We have audited the accompanying standalone financial statements of Lodestone Management Consultants SAS ('the Company'), which comprises the Balance sheet as at December 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act, Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2014 and its Loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, We report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Place: Bengaluru
Date: January 9, 2015

Balance Sheet

in ₹

Particulars	Note	As at December 31,	
		2014	2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	52,79,504	52,79,504
Reserves and surplus	2.2	(27,64,87,530)	(9,67,34,446)
		(27,12,08,026)	(9,14,54,942)
CURRENT LIABILITIES			
Short-term borrowings	2.4	7,41,30,610	–
Trade payables	2.5	11,27,37,172	7,48,51,547
Other current liabilities	2.6	22,35,58,766	17,59,87,049
Short-term provisions	2.7	4,03,51,825	6,87,47,123
		45,07,78,373	31,95,85,719
		17,95,70,347	22,81,30,777
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.8	9,87,738	17,93,059
		9,87,738	17,93,059
Deferred tax assets	2.3	–	4,57,21,286
Long-term loans and advances	2.9	43,79,746	–
		53,67,484	4,75,14,345
CURRENT ASSETS			
Trade receivables	2.10	10,20,40,672	11,22,72,532
Cash and cash equivalents	2.11	4,39,08,920	43,92,558
Short-term loans and advances	2.12	2,82,53,271	6,39,51,342
		17,42,02,863	18,06,16,432
		17,95,70,347	22,81,30,777
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number. 202841

Peter Ödman
President

Bengaluru
January 9, 2015

Statement of Profit and Loss

in ₹, except per share data

Particulars	Note	Year ended December 31,	
		2014	2013
Income from consultancy services		74,48,29,314	45,06,72,831
Other income	2.13	9,66,954	16,47,073
Total revenue		74,57,96,268	45,23,19,904
Expenses			
Employee benefit expenses	2.14	58,32,49,259	41,66,51,433
Cost of technical sub-contractors	2.14	24,84,32,151	10,43,74,449
Travel expenses	2.14	3,49,97,843	2,73,35,645
Communication expenses	2.14	25,03,458	22,56,826
Professional charges		94,80,226	1,11,20,011
Finance cost	2.15	14,41,280	–
Depreciation and amortization expenses	2.8	7,98,487	6,60,482
Other expenses	2.14	2,99,62,951	27,48,605
Total expenses		91,08,65,655	56,51,47,451
PROFIT BEFORE TAX		(16,50,69,387)	(11,28,27,547)
Tax expense:			
Current tax	2.16	57,27,429	(26,158)
Deferred tax	2.16	4,46,83,283	(3,59,68,915)
LOSS FOR THE PERIOD		(21,54,80,099)	(7,68,32,474)
EARNINGS PER EQUITY SHARE			
Equity shares of par value Euro 10 / - each			
Basic		(26,935)	(9,604)
Number of shares used in computing earnings per share			
Basic		8,000	8,000
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Peter Ödman
President

Bengaluru
January 9, 2015

Cash Flow Statement

in ₹

Particulars	Note	Year ended December 31, 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		(16,50,69,387)	(11,28,27,547)
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation		7,98,487	6,60,482
Finance cost		14,41,280	–
Provision for bad and doubtful debts		24,576	–
Effect of exchange differences on translation of assets and liabilities		3,58,61,269	(15,26,064)
Other non-cash items		5,904	–
Changes in assets and liabilities			
Trade receivables		1,02,07,284	(9,45,22,994)
Loans and advances and other assets		3,39,41,379	(6,14,29,298)
Liabilities and provisions		5,46,73,961	26,48,02,017
		(2,81,15,247)	(48,43,404)
Income taxes paid		(49,30,301)	(19,74,615)
NET CASH GENERATED BY OPERATING ACTIVITIES		(3,30,45,548)	(68,18,019)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure		(1,27,420)	(22,08,421)
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(1,27,420)	(22,08,421)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from parent		7,41,30,610	–
Finance cost		(14,41,280)	–
NET CASH USED IN FINANCING ACTIVITIES		7,26,89,330	–
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		3,95,16,362	(90,26,440)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		43,92,558	1,34,18,998
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		4,39,08,920	43,92,558
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Peter Ödman
President

Bengaluru
January 9, 2015

Significant accounting policies

Company overview

Lodestone Management Consultants SAS is a wholly-owned subsidiary of Lodestone Holding AG, Kloten (Switzerland). The Company render professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is the INR.

1.4 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.5 Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates may include computation of percentage-of-completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.6 Revenue recognition

The method for recognizing revenues and cost depends on the nature of the services rendered and on the substance of the contractual agreement. Revenues and costs generated under time and material contracts are recognized as services are rendered.

An expected project loss is recognized as an expense immediately.

Revenue comprises the invoiced value for the services and expense reimbursements, net of value added tax, rebates and discounts.

1.7 Tangible assets, intangible assets and capital work in-progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.8 Intangible assets

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably.

1.9 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows:

Buildings [1]	22-25 years
Plant and machinery [1]	5 years
Office equipment	5 years
Computer equipment [1]	3-5 years
Furniture and fixtures [1]	5 years
Vehicles [1]	5 years

[1] *For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.*

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end. *(Refer to Note 2.8)*

1.10 Impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.11 Benefits to employees

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.12 Foreign currency transactions in the books of the holding company

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus

1.13 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis. The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situations where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situations of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

1.14 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.15 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.16 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. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

1.17 Government grants

The Company recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to depreciable assets are treated as deferred income and are recognized in the Statement of Profit and Loss on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs which they are intended to compensate.

2. Notes on accounts for the year ended December 31, 2014

The previous year's figures disclosed in these financial statements have been regrouped / reclassified wherever necessary.

2.1 Share capital

in ₹

Particulars	As at December 31,	
	2014	2013
Authorized		
Equity shares, Euro 10 / - par value		
8,000 (8,000) equity shares	52,79,504	52,79,504
Issued, subscribed and paid-up		
8,000 (8,000) equity shares of Euro 10 / - par value	52,79,504	52,79,504
	52,79,504	52,79,504

The details of shareholder holding more than 5% shares as at December 31, 2014 and December 31, 2013 are set out below :

in ₹

Name of the shareholder	As at December 31,			
	2014		2013	
	No. of shares	% held	No. of shares	% held
Lodestone Holding AG	8,000	100.00	8,000	100.00

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2014 and December 31, 2013 is set out below:

in ₹

Particulars	As at December 31,			
	2014		2013	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning of the period	8,000	52,79,504	8,000	52,79,504
Number of shares at the end of the period	8,000	52,79,504	8,000	52,79,504

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2014	2013
Foreign currency translation reserve – Opening balance	(24,36,916)	(10,96,468)
Add: Foreign currency translation during the year	3,81,63,931	(13,40,448)
Foreign currency translation reserve – Closing balance	3,57,27,015	(24,36,916)
Surplus – Opening balance	(9,67,34,446)	(1,74,65,056)
Add: Net profit after tax transferred from Statement of Profit and Loss	(21,54,80,099)	(7,68,32,474)
Surplus- Closing balance	(31,22,14,545)	(9,42,97,530)
	(27,64,87,530)	(9,67,34,446)

2.3 Deferred taxes

in ₹

Particulars	As at December 31,	
	2014	2013
Deferred tax assets		
Accumulated losses	–	4,57,21,286
	–	4,57,21,286

2.4 Short-term borrowings

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured loan (1)	7,41,30,610	–
	7,41,30,610	–
(1) *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.19)*	7,41,30,610	–

2.5 Trade payables

in ₹

Particulars	As at December 31,	
	2014	2013
Trade payables (1)	11,27,37,172	7,48,51,547
	11,27,37,172	7,48,51,547
(1) *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.18)*	10,70,41,871	6,95,53,979

2.6 Other current liabilities

in ₹

Particulars	As at December 31,	
	2014	2013
Accrued salaries and benefits		
Salaries and benefits	–	73,864
Bonus and incentives	1,62,39,484	3,09,27,744
Other liabilities		
Provision for expenses (1)	4,27,25,574	93,01,079
Withholding and other taxes payable	6,46,74,970	10,61,24,452
Advances received from clients (2)	–	1,75,45,336
Unearned revenue	1,20,50,330	1,13,50,415
Other payables (3)	8,78,68,408	6,64,159
	22,35,58,766	17,59,87,049
(1) *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.18)*	–	39,29,141
(2) *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.18)*	–	1,75,45,336
(3) *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.18)*	8,77,62,468	6,64,159

2.7 Short-term provisions

in ₹

Particulars	As at December 31,	
	2014	2013
Provision for employee benefits		
Unavailed leave	3,79,69,646	6,87,47,123
Provision for		
Income taxes (net of advance tax and TDS)	23,82,179	–
Post-sales client support and warranties and other provisions	–	–
	4,03,51,825	6,87,47,123

Post-sales client support and warranties and other provisions

in ₹

Particulars	As at December 31,	
	2014	2013
Balance at the beginning	–	–
Provision recognized (reversal)	5,904	–
Provision utilized	–	–
Exchange difference during the period	(5,904)	–
Balance at the end	–	–

Provision for post-sales client support and other provisions are expected to be utilized over a period of six months to one year.

2.8 Fixed assets

in ₹

Particulars	Tangible assets	
	Computer equipment	Total
Original cost		
As at Jan 1, 2014	26,76,465	26,76,465
Additions during the period	1,27,420	1,27,420
Deductions / retirement during the period	2,74,456	2,74,456
As at December 31, 2014	25,29,429	25,29,429
Depreciation and amortization		
As at January 1, 2014	8,83,406	8,83,406
For the period	7,98,487	7,98,487
Deductions / adjustments during the period	1,40,202	1,40,202
As at December 31, 2014	15,41,691	15,41,691
Net book value		
As at December 31, 2014	9,87,738	9,87,738

in ₹

Particulars	Tangible assets	
	Computer equipment	Total
Original cost		
As at Jan 1, 2013	2,38,645	2,38,645
Additions during the period	22,08,421	22,08,421
Deductions / retirement during the period	(2,29,399)	(2,29,399)
As at December 31, 2013	26,76,465	26,76,465
Depreciation and amortization		
As at January 1, 2013	1,79,141	1,79,141
For the period	6,60,482	6,60,482
Deductions / adjustments during the period	(43,783)	(43,783)
As at December 31, 2013	8,83,406	8,83,406
Net book value		
As at December 31, 2013	17,93,059	17,93,059

During June 30, 2014, the Management based on internal and external technical evaluation reassessed the remaining useful life of assets primarily consisting of buildings and computers with effect from April 1, 2014. Accordingly the useful lives of certain assets required a change from the previous estimates.

The existing and revised useful lives are as below:

Category of assets	Earlier useful life (Years)	Current useful life (Years)
Building	15	22-25
Plant and machinery	5	5
Computer equipment	2-5	3-5
Furniture and fixtures	5	5
Vehicles	5	5

Had the Company continued with the previously assessed useful lives, charge for depreciation for the twelve months ended December 31, 2014 would have been higher by 3,23,992 for assets held at April 1, 2014. The revision of the useful lives will result in the following changes in the depreciation expense as compared to the original useful life of the assets.:

in ₹

Particulars	Year ended December, 2015	Year ended December, 2016	After year ended December, 2016
Increase / (decrease) in depreciation expense	(30,002)	2,69,195	84,799

2.9 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Other loans and advances		
Advance income taxes (net of provisions)	26,23,054	–
Loans and advances to employees	17,56,692	–
	43,79,746	–

2.10 Trade receivables

in ₹

Particulars	As at December 31,	
	2014	2013
Other debts		
Unsecured		
Considered good [(1)]	10,20,40,672	11,22,72,532
	10,20,40,672	11,22,72,532
[(1)] *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.18)*	3,84,49,185	63,11,413

2.11 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2014	2013
Cash on hand	–	–
Balances with banks		
In current account	4,39,08,920	43,92,558
	4,39,08,920	43,92,558

Particulars	As at December 31,	
	2014	2013
In current accounts		
CIC (Euro)	4,39,08,920	43,92,558
	4,39,08,920	43,92,558

2.12 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Others		
Advances		
Withholding and other taxes receivable	87,77,460	37,50,714
Others [(1)]	8,29,537	5,85,83,728
	96,06,997	6,23,34,442
Unbilled revenues [(2)]	1,86,06,812	16,16,900
Salary advances	39,462	–
	1,86,46,274	16,16,900
	2,82,53,271	6,39,51,342
[(1)] *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.18)*	–	5,76,68,903
[(2)] *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.18)*	24,46,040	–

2.13 Other income

in ₹

Particulars	Year ended December 31,	
	2014	2013
Miscellaneous income, net	25,34,900	33,88,400
Gains / (losses) on foreign currency, net	(15,67,946)	(17,41,327)
	9,66,954	16,47,073

2.14 Expenses

in ₹

Particulars	Year ended December 31,	
	2014	2013
Employee benefit expenses		
Salaries and bonus	58,05,10,291	40,66,45,278
Staff welfare	27,38,968	1,00,06,155
	58,32,49,259	41,66,51,433
Travel expenses		
Traveling and conveyance	3,49,97,843	2,73,35,645
	3,49,97,843	2,73,35,645
Communication expenses		
Telephone charges	25,03,458	22,56,826
	25,03,458	22,56,826
Cost of technical sub-contractors		
Cost of technical sub-contractors - Intercompany	18,97,00,533	6,91,95,478
Cost of technical sub-contractors - Others	5,87,31,618	3,51,78,971
	24,84,32,151	10,43,74,449

in ₹

Particulars	Year ended December 31,	
	2014	2013
Other expenses		
Office maintenance	82,96,375	42,536
Rent	1,79,07,395	94,111
Rates and taxes, excluding taxes on income	6,22,908	–
Computer maintenance	48,432	2,59,985
Insurance charges	1,25,863	1,55,885
Provision for post-sales client support and warranties	5,904	–
Provision for bad and doubtful debts and advances	24,576	–
Books and periodicals	19,119	10,146
Auditor's remuneration		
Statutory audit fees	7,78,369	7,25,816
Bank charges	10,36,210	3,75,731
Miscellaneous expenses	10,97,800	10,84,395
	2,99,62,951	27,48,605

2.15 Finance cost

in ₹

Particulars	Year ended December 31,	
	2014	2013
Finance cost [1]	14,41,280	–
	14,41,280	–
[1] *Includes dues to holding company and fellow subsidiaries (Refer to Note 2.18)*		

2.16 Tax expense

in ₹

	Year ended December 31,	
	2014	2013
Current tax		
Income taxes	57,27,429	(26,158)
Deferred taxes	4,46,83,283	(3,59,68,915)
	5,04,10,712	(35,995,073)

During the year ended December 31, 2014, the Company had provided (net of provisions) 38718798 of respectively, pertaining to tax relating to prior years.

2.17 Quantitative details

The Company is primarily engaged in the development and maintenance of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per Schedule III to the Companies Act, 2013.

2.18 Related party transactions

List of related parties:

Name of the holding company	Country	Holding as at December 31	
		2014	2013
Lodestone Holding AG	Switzerland	100%	100%

Name of ultimate holding company	Country
Infosys Limited [1]	India

Name of fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Mexico	Mexico
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Brasil	Brazil
Infosys Public Services, Inc.	U.S.
Infosys Consulting India Limited [1]	India
Infosys Americas [2]	U.S.
Infosys BPO s.r.o [3]	Czech Republic
Infosys BPO (Poland) Sp. z o.o. [3]	Poland
Infosys BPO S. de R.L. de C.V. [3][11]	Mexico
Infosys McCamish Systems LLC [3]	U.S.
Portland Group Pty. Ltd. [3]	Australia
Portland Procurement Services Pty. Ltd. [7]	Australia
Infosys Australia [4]	Australia
EdgeVerve Systems Limited [10]	India
Lodestone Holding AG	Switzerland
Lodestone Management Consultants (Canada) Inc. [5][9]	Canada
Lodestone Management Consultants Inc. [5]	U.S.
Lodestone Management Consultants Pty. Limited [5]	Australia
Lodestone Management Consultants AG [5]	Switzerland
Lodestone Augmentis AG [8]	Switzerland
Hafner Bauer & Ödman GmbH [5]	Switzerland
Lodestone Management Consultants (Belgium) S.A. [6]	Belgium
Lodestone Management Consultants GmbH [5]	Germany
Lodestone Management Consultants Pte Ltd. [5]	Singapore
Lodestone Management Consultants s.r.o. [5]	Czech Republic
Lodestone Management Consultants GmbH [5]	Austria
Lodestone Management Consultants Co., Ltd. [5]	China
Lodestone Management Consultants Ltd. [5]	U.K.
Lodestone Management Consultants BV [5]	Netherlands
Lodestone Management Consultants Ltda. [6]	Brazil
Lodestone Management Consultants sp. z o.o. [5]	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA [5]	Portugal
SC Lodestone Management Consultants S.R.L. [5]	Romania
Lodestone Management Consultants S.R.L. [5]	Argentina
Infosys Canada Public Services Ltd. [12]	Canada

[1] *The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.*

[2] *Incorporated effective June 25, 2013*

(3) Wholly-owned subsidiaries of Infosys BPO.
(4) Under liquidation
(5) Wholly-owned subsidiaries of Lodestone Holding AG
(6) Majority-owned and controlled subsidiaries of Lodestone Holding AG
(7) Wholly-owned subsidiary of Portland Group Pty. Ltd.; liquidated effective May 14, 2014.
(8) Wholly-owned subsidiary of Lodestone Management Consultant AG
(9) Liquidated effective December 31, 2013
(10) Incorporated effective February 14, 2014
(11) Incorporated effective February 14, 2014
(12) Incorporated effective December 19, 2014; wholly-owned subsidiary of Infosys Public Services, Inc.

The details of amounts due to or due from as at December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
Trade receivables		
Lodestone Management Consultants AG	2,13,36,570	27,95,795
Lodestone Management Consultants GmbH	76,50,303	41,00,412
Lodestone Management Consultants Ltd. (7)	94,62,312	–
FX valuation on above	–	(5,84,794)
	3,84,49,185	63,11,413
Other receivables		
Infosys Limited	–	5,76,68,903
	–	5,76,68,903
Unbilled revenue		
P-Financial Services Poland Sp	24,46,040	–
	24,46,040	–
Trade payables		
Lodestone Management Consultants AG	4,98,42,048	3,09,36,683
Lodestone Management Consultants (Belgium) S.A.	42,04,163	23,45,756
Lodestone Management Consultants GmbH	3,52,67,118	1,00,96,361
Lodestone Management Consultants s.r.o.	34,79,825	76,63,504
Lodestone Management Consultants sp. z o.o.	72,17,285	1,49,47,132
SC Lodestone Management Consultants S.R.L.	20,32,891	30,72,984
Lodestone Management Consultants Ltd.	49,98,541	53,330
Lodestone Management Consultants BV	–	2,66,193
FX valuation on above	–	1,72,036
	10,70,41,871	6,95,53,979
Other payables		
Lodestone Management Consultants AG	1,68,49,800	
Lodestone Management Consultants GmbH	9,71,806	
Lodestone Management Consultants Ltd.	3,82,95,000	
Infosys Limited	3,16,45,862	6,64,159
	8,77,62,468	6,64,159
Advance received		
Lodestone Management Consultants Ltd.	–	1,75,45,336
	–	1,75,45,336
Provision for expense		
Infosys Limited	–	39,29,141
	–	39,29,141
Other long-term liabilities		
Lodestone Holding AG	7,41,30,610	–
	7,41,30,610	–

The details of the related party transactions entered into by the Company for the year ended December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	Year ended December 31,	
	2014	2013
Revenue transactions:		
Purchase of services		
Lodestone Management Consultants (Belgium) S.A.	2,19,45,396	37,63,968
Lodestone Management Consultants Ltda.	(354)	–
Lodestone Management Consultants AG	4,02,69,852	2,58,01,440
Lodestone Management Consultants s.r.o.	1,58,26,800	75,19,948
Lodestone Management Consultants GmbH	3,85,86,526	99,84,736
Lodestone Management Consultants Ltd.	4,32,08,265	40,33,567
Lodestone Management Consultants BV	–	2,43,404
Lodestone Management Consultants sp. z o.o.	2,53,43,819	1,47,87,821
Infosys Limited	(39,61,545)	–
SC Lodestone Management Consultants S.R.L.	84,81,774	30,60,594
	18,97,00,533	6,91,95,478
Legal and professional charges – management fees and LEAP		
Lodestone Management Consultants Ltd.	2,38,161	–
Lodestone Management Consultants sp. z o.o.	7,73,760	–
	10,11,921	
Interest expense		
Lodestone Management Consultants AG	14,41,280	–
	14,41,280	–
Sale of services		
Lodestone Management Consultants AG	13,17,12,544	13,63,55,862
Lodestone Management Consultants Ltd.	28,14,05,254	13,50,18,934
Lodestone Management Consultants (Belgium) S.A.	2,80,106	55,23,050
Lodestone Management Consultants GmbH	82,50,476	40,74,296
Lodestone Management Consultants BV	2,10,496	–
Lodestone Management Consultants Portugal, Unipessoal, LDA	65,86,507	–
P-Financial Services Poland Sp	25,66,290	–
	43,10,11,673	28,09,72,142
Other income – Management fees		
Lodestone Management Consultants Ltd.	25,34,900	–
	25,34,900	–

2.19 Segment reporting

The Company is engaged in providing consultancy services in a single geography. Its operations are therefore considered to constitute a single segment in the context of Accounting Standard 17 - Segment Reporting.

2.20 Function-wise classification of Statement of Profit and Loss

in ₹

Particulars	Year ended December 31,	
	2014	2013
Income from software services	74,48,29,314	45,06,72,831
Software development expenses	90,05,08,974	54,19,28,075
GROSS PROFIT	(15,56,79,660)	(9,12,55,244)
Selling and marketing expenses	4,72,76,260	10,53,996
General and administration expenses	(3,91,59,346)	2,15,04,898
	81,16,914	2,25,58,894
OPERATING PROFIT BEFORE INTEREST AND DEPRECIATION	(16,37,96,574)	(11,38,14,138)
Finance cost	14,41,280	–
Depreciation and amortization	7,98,487	6,60,482
OPERATING PROFIT	(16,60,36,341)	(11,44,74,620)
Other income	9,66,954	16,47,073
PROFIT BEFORE TAX	(16,50,69,387)	(11,28,27,547)
Tax expense		
Current tax	57,27,429	(26,158)
Deferred tax	4,46,83,283	(3,59,68,915)
LOSS FOR THE PERIOD	(21,54,80,099)	(7,68,32,474)

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Peter Ödman
President

Bengaluru
January 9, 2015


Lodestone Management
Consultants S.R.L.

Independent Auditors' Report

To the Members of Lodestone Management Consultants S.R.L.

Report on the standalone Financial Statements

We have audited the accompanying standalone financial statements of Lodestone Management Consultants S.R.L. ('the Company'), which comprises the Balance sheet as at December 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act, Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2014 and its loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, We report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Place: Bengaluru
Date: January 9, 2015

Balance Sheet

in ₹

Particulars	Note	As at December 31, 2014	As at December 31, 2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	5,51,58,400	3,13,48,000
Reserves and surplus	2.2	(4,45,89,635)	(41,89,648)
		1,05,68,765	2,71,58,352
CURRENT LIABILITIES			
Trade payables	2.3	72,72,413	12,17,978
Other current liabilities	2.4	1,08,68,462	48,89,138
Short-term provisions	2.5	71,94,210	3,92,487
		2,53,35,085	64,99,603
		3,59,03,850	3,36,57,955
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.6	9,51,181	6,45,934
		9,51,181	6,45,934
Long-term loans and advances		11,72,693	–
		21,23,874	6,45,934
CURRENT ASSETS			
Trade receivables	2.8	1,74,84,437	1,45,39,687
Cash and cash equivalents	2.9	54,09,379	39,35,592
Short-term loans and advances	2.10	1,08,86,160	1,45,36,742
		3,37,79,976	3,30,12,021
		3,59,03,850	3,36,57,955
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath

Chartered Accountants

Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Martin De Pablo
Director

Bengaluru
January 9, 2015

Statement of Profit and Loss

in ₹, except per share data

Particulars	Note	Year ended December 31, 2014	Year ended December 31, 2013
Income from consultancy services	2.11	4,65,34,064	1,93,09,824
Other income	2.12	14,94,543	10,36,436
Total revenue		4,80,28,607	2,03,46,260
Expenses			
Employee benefit expenses	2.13	5,11,09,145	77,23,855
Cost of technical sub-contractors	2.13	1,11,93,197	46,11,005
Travel expenses	2.13	49,90,599	3,05,447
Communication expenses	2.13	2,49,029	1,38,966
Professional charges		54,12,484	43,02,732
Depreciation and amortization expenses	2.6	3,19,421	1,44,339
Other expenses	2.13	1,04,83,111	38,09,968
Total expenses		8,37,56,986	2,10,36,312
PROFIT BEFORE TAX		(3,57,28,379)	(6,90,052)
Tax expense			
Current tax	2.14	7,20,846	4,13,238
Deferred tax	2.14	–	(2,36,190)
PROFIT FOR THE PERIOD		(3,64,49,225)	(8,67,100)
EARNINGS PER EQUITY SHARE			
Shares of ARS 100 / - par value each			
Basic		(862.54)	(91.27)
Number of shares used in computing earnings per share			
Basic		42,258	9,500
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Martin De Pablo
Director

Bengaluru
January 9, 2015

Cash Flow Statement

in ₹

Particulars	Note	Year ended December 31, 2014	Year ended December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		(3,57,28,379)	(6,90,052)
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		3,19,421	1,44,339
Provision for post-sales client support and warranties		1,48,878	–
Interest and dividend income		50,278	–
Effect of exchange differences on translation of assets and liabilities		(38,15,124)	(32,39,222)
Changes in assets and liabilities			
Trade receivables		(29,44,750)	(1,45,39,687)
Loans and advances and other assets		36,50,582	(1,45,36,742)
Liabilities and provisions		1,61,84,687	64,74,222
		(2,21,34,407)	(2,63,87,142)
Income taxes paid		6,08,378	(1,51,667)
NET CASH GENERATED BY OPERATING ACTIVITIES		(2,15,26,029)	(2,65,38,809)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure (including intangible assets)		(7,60,306)	(8,73,599)
Interest and dividend received		(50,278)	–
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(8,10,584)	(8,73,599)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital		2,38,10,400	3,13,48,000
NET CASH USED IN FINANCING ACTIVITIES		2,38,10,400	3,13,48,000
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		14,73,787	39,35,592
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		39,35,592	–
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		54,09,379	39,35,592
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Martin De Pablo
Director

Bengaluru
January 9, 2015

Significant accounting policies and notes on accounts

Company overview

Lodestone Management Consultants S.R.L.. is a wholly-owned subsidiary of Lodestone Holding AG, Kloten (Switzerland). The Company render professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is the INR.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage-of-completion which requires the Company to estimate the efforts 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 method for recognizing revenues and cost depends on the nature of the services rendered and on the substance of the contractual agreement. Revenues and costs generated under time-and-material contracts are recognized as services are rendered.

An expected project loss is recognized as an expense immediately.

Revenue comprises the invoiced value for the services and expense reimbursements, net of value added tax, rebates and discounts.

1.6 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.7 Post-sales client support and warranties

The Company provides its clients with a fixed-period warranty for corrections of errors and telephone support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in cost of sales. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions.

1.8 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.10 Intangible assets

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably.

1.11 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows:

Buildings	15 years
Plant and machinery	5 years
Office equipment	5 years
Computer equipment	2-5 years
Furniture and fixtures	5 years
Vehicles	5 years

1.12 Impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13 Benefits to employees

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation under project unit cost method on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.14 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.15 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situations where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situations of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to Statement of Profit and Loss are credited to the securities premium reserve.

1.16 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.17 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.18 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight-line basis in the Statement of Profit and Loss over the lease term.

1.19 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2 Notes on accounts for the year ended December 31, 2014

The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2014	2013
Authorized		
61,600 (29,000) equity shares of ARS 100/- par value	5,51,58,400	3,13,48,000
Issued, Subscribed and Paid-Up		
61,600 (29,000) equity shares of ARS 100 / - par value	5,51,58,400	3,13,48,000
	5,51,58,400	3,13,48,000

The details of shareholder holding more than 5% shares as at December 31, 2014 and December 31, 2013 are set out below :

Name of the shareholder		As at December 31,			
		2014		2013	
		No. of shares	% held	No. of shares	% held
Lodestone Holding AG	holding company	61,600	100	29,000	100

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2014 and December 31, 2013 is set out below:

Particulars	As at December 31,			
	2014		2013	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning of the period	29,000	3,13,48,000	–	–
Add: Shares issued (Including bonus on treasury shares)	32,600	2,38,10,400	29,000	3,13,48,000
Less: Treasury shares	–	–	–	–
Number of shares at the end of the period	61,600	5,51,58,400	29,000	3,13,48,000

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2014	2013
Foreign currency translation reserve – Opening balance	(33,22,548)	–
Add: Foreign currency translation during the year	(39,50,762)	(33,22,548)
Foreign currency translation reserve – Closing balance	(72,73,310)	(33,22,548)
Surplus – Opening balance	(8,67,100)	–
Add: Net profit after tax transferred from Statement of Profit and Loss	(3,64,49,225)	(8,67,100)
Surplus – Closing balance	(3,73,16,325)	(8,67,100)
	(4,45,89,635)	(41,89,648)

2.3 Trade payables

in ₹

Particulars	As at December 31,	
	2014	2013
Trade payables [(1)]	72,72,413	12,17,978
	72,72,413	12,17,978
[(1)] *Includes dues from holding company and fellow subsidiaries (Refer to Note 2.16)*	55,74,139	–

2.4 Other current liabilities

in ₹

Particulars	As at December 31,	
	2014	2013
Accrued salaries and benefits		
Bonus and incentives	37,09,624	2,79,382
Other liabilities		
Provision for expenses	25,05,420	22,77,773
Withholding and other taxes payable	45,28,651	23,31,983
Unearned revenue	13,503	–
Other payables	1,11,264	–
	1,08,68,462	48,89,138

2.5 Short-term provisions

in ₹

Particulars	As at December 31,	
	2014	2013
Provision for employee benefits		
Unavailed leave	45,15,429	3,67,106
Others		
Income taxes (net of advance tax and TDS)	25,27,298	25,381
Post-sales client support and warranties and other provisions	1,51,483	–
	71,94,210	3,92,487

The movement in provision for post-sales client support and warranties is as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
Balance at the beginning	–	–
Provision recognized (reversal)	1,48,878	–
Provision utilized	–	–
Exchange difference during the period	2,605	–
Balance at the end	1,51,483	–

2.6 Fixed assets

Following are the changes in the carrying value of fixed assets for the 12 months ended December 31, 2014:

in ₹

Particulars	Office equipment	Computer equipment	Furnitures and fixtures	Total
Original cost				
As at January 1, 2014	–	7,63,560	9,803	7,73,363
Additions / adjustments during the period	–	7,04,081	56,225	7,60,306
Deductions / retirement during the period	–	(1,55,287)	(1,993)	(1,57,280)
As at December 31, 2014	–	13,12,354	64,035	13,76,389
Depreciation and amortization				
As at January 1, 2014	–	1,27,102	327	1,27,429
For the period	–	3,13,628	5,793	3,19,421
Deductions / adjustments during the period	–	(23,314)	1,672	(21,642)
As at December 31, 2014		4,17,416	7,792	4,25,208
Net book value				
As at December 31, 2014		8,94,938	56,243	9,51,181

Following are the changes in the carrying value of fixed assets for the 12 months ended December 31, 2013:

in ₹

Particulars	Office equipment	Computer equipment	Furnitures and fixtures	Total
Original cost				
As at January 1, 2013	–	–	–	–
Additions / adjustments during the period	–	8,62,525	11,074	8,73,599
Deductions / retirement during the period	–	(98,965)	(1,271)	(1,00,236)
As at December 31, 2013	–	7,63,560	9,803	7,73,363
Depreciation and amortization				
As at January 1, 2013	–	–	–	–
For the period	–	1,43,983	356	1,44,339
Deductions / adjustments during the period	–	(16,881)	(29)	(16,910)
As at December 31, 2013	–	1,27,102	327	1,27,429
Net book value				
As at December 31, 2013	–	6,36,458	9,476	6,45,934

2.7 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the year and the maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹

Particulars	Year ended December 31, 2014	2013
Lease rentals recognized during the year	44,69,962	25,31,997

in ₹

Lease obligations payable	As at December 31, 2014	2013
Within one year of the Balance Sheet date	38,88,562	–
Due in a period between one year and five years	–	–
Due after five years	–	–

The operating lease arrangements, are renewable on a periodic basis and for most of the leases extend up to a maximum of 10 years from their respective dates of inception and relate to rented premises. Some of these lease agreements have price escalation clauses.

2.8 Trade receivables

in ₹

Particulars	As at December 31, 2014	2013
Other debts		
Unsecured		
Considered good [(1)]	1,74,84,437	1,45,39,687
Considered doubtful (Others)	–	–
	1,74,84,437	1,45,39,687
Less: Provision for doubtful debts (others)	–	–
	1,74,84,437	1,45,39,687
[(1)] *Includes dues from holding company and fellow subsidiaries(Refer to Note 2.16)*	11,48,515	–

2.9 Cash and cash equivalents

in ₹

Particulars	As at December 31, 2014	2013
Cash on hand	83,161	37,964
Balances with banks		
In current and deposit accounts	53,26,218	38,97,628
	54,09,379	39,35,592

The deposits maintained by the Company with banks and financial institutions comprise time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
In current accounts		
Bank - Banco Santander Rio ARS	53,26,218	38,97,628
In current accounts	53,26,218	38,97,628

2.10 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Others		
Prepaid expenses	70,272	62,49,608
Withholding and other taxes receivable	64,28,512	18,12,851
Salary advances	72,760	–
Others	4,37,079	–
	70,08,623	80,62,459
Unbilled revenues	37,33,897	64,74,283
Rental deposits	1,43,640	–
	1,08,86,160	1,45,36,742

2.11 Income from software services and products

in ₹

Particulars	Year ended December 31,	
	2014	2013
Income from software services	4,65,34,064	1,93,09,824
	4,65,34,064	1,93,09,824

2.12 Other income

in ₹

Particulars	Year ended December 31,	
	2014	2013
Interest received on deposits with banks and others	(50,278)	–
Gains / (losses) on foreign currency, net	15,44,821	10,36,436
	14,94,543	10,36,436

2.13 Expenses

in ₹

Particulars	Year ended December 31,	
	2014	2013
Employee benefit expenses		
Salaries and bonus	5,10,87,754	77,23,855
Staff welfare	21,391	–
	5,11,09,145	77,23,855
Cost of technical sub-contractors		
Technical sub-contractors – Subsidiaries	53,70,793	–
Technical sub-contractors – Others	58,22,404	46,11,005
	1,11,93,197	46,11,005
Travel expenses		
Traveling and conveyance	49,90,599	3,05,447
	49,90,599	3,05,447
Communication expenses		
Telephone charges	2,49,029	1,38,966

Particulars	Year ended December 31,	
	2014	2013
	2,49,029	1,38,966
Other expenses		
Rent	44,69,962	25,31,997
Rates and taxes, excluding taxes on income	4,64,932	–
Computer maintenance	2,30,382	36,450
Insurance charges	1,17,089	44,314
Provision for post-sales client support and warranties	1,48,878	–
Bad debts written off	23,73,384	–
Auditor's remuneration		
Statutory audit fees	2,23,590	–
Bank charges and commission	9,74,837	4,67,280
Miscellaneous expenses	14,80,057	7,29,927
	1,04,83,111	38,09,968

2.14 Tax expense

in ₹

Particulars	Year ended December 31,	
	2014	2013
Current tax		
Income taxes	7,20,846	4,13,238
Deferred taxes	–	(2,36,190)
	7,20,846	1,77,048

2.15 Quantitative Details

The Company is primarily engaged in the development and maintenance of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per Schedule III to the Companies Act, 2013.

2.16 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at December 31,	
		2014	2013
Lodestone Holding AG (1)	Switzerland	100%	100%

Name of ultimate holding company	Country
Infosys Limited (1)	India

(1) Holding of Lodestone Holding AG from October 22, 2012

Name of fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Mexico	Mexico
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Brasil	Brazil
Infosys Public Services, Inc.	U.S.
Infosys Consulting India Limited (1)	India
Infosys Americas (2)	U.S.
Infosys BPO s. r. o (3)	Czech Republic
Infosys BPO (Poland) Sp. z o.o. (3)	Poland
Infosys BPO S.de R. L. de C. V. (3)(11)	Mexico
Infosys McCamish Systems LLC (3)	U.S.
Portland Group Pty. Ltd. (3)	Australia
Portland Procurement Services Pty. Ltd. (7)	Australia
Infosys Australia (4)	Australia
EdgeVerve Systems Limited (10)	India

Name of fellow subsidiaries	Country
Lodestone Management Consultants (Canada) Inc. [5][9]	Canada
Lodestone Management Consultants Inc. [5]	U.S.
Lodestone Management Consultants Pty. Limited [5]	Australia
Lodestone Management Consultants AG [5]	Switzerland
Lodestone Augmentis AG [8]	Switzerland
Hafner Bauer & Ödman GmbH [5]	Switzerland
Lodestone Management Consultants (Belgium) S.A. [6]	Belgium
Lodestone Management Consultants GmbH [5]	Germany
Lodestone Management Consultants Pte Ltd. [5]	Singapore
Lodestone Management Consultants SAS [5]	France
Lodestone Management Consultants s.r.o. [5]	Czech Republic
SC Lodestone Management Consultants S.R.L. [6]	Romania
Lodestone Management Consultants China Co., Ltd. [5]	China
Lodestone Management Consultants Ltd. [5]	U.K.
Lodestone Management Consultants BV [5]	Netherlands
Lodestone Management Consultants Ltda. [6]	Brazil
Lodestone Management Consultants Sp. z o.o. [5]	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA [5]	Portugal
Lodestone Management Consultants GmbH [5]	Austria
Infosys Canada Public Services Ltd. [12][13]	Canada

[1] *The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.*
[2] *Incorporated effective June 25, 2013*
[3] *Wholly-owned subsidiaries of Infosys BPO.*
[4] *Under liquidation*
[5] *Wholly-owned subsidiaries of Lodestone Holding AG*
[6] *Majority-owned and controlled subsidiaries of Lodestone Holding AG*
[7] *Wholly-owned subsidiary of Portland Group Pty. Ltd. Liquidated effective May 14, 2014.*
[8] *Wholly-owned subsidiary of Lodestone Management Consultants AG*
[9] *Liquidated effective December 31, 2013*
[10] *Incorporated effective February 14, 2014*
[11] *Incorporated effective February 14, 2014*
[12] *Incorporated effective December 19, 2014*
[13] *Wholly-owned subsidiary of Infosys Public Services, Inc.*

Related party transactions

The details of amounts due to or due from as at December 31, 2014 and December 31, 2013 are as follows:

Particulars	As at December 31,	
	2014	2013
Trade Receivables		
Lodestone Holding AG	11,48,515	–
Trade Payables		
Lodestone Management Consultants Ltd.	55,74,139	–

The details of the related party transactions entered into by the Company for the year ended December 31, 2014 and December 31, 2013 are as follows:

Particulars	Year ended December 31,	
	2014	2013
Capital transactions		
Capital Contribution by Parent		
Lodestone Holding AG	2,38,10,400	3,13,48,000
Revenue transactions		
Sale of services		
Lodestone Holding AG	56,32,193	–
Purchase of services		–
Lodestone Management Consultants Ltd.	53,70,793	–

2.17 Segment reporting

The Company is engaged in providing consultancy services in a single geography. Its operations are therefore considered to constitute a single segment in the context of Accounting Standard 17 - Segment Reporting.

2.18 Function-wise classification of Statement of Profit and Loss

in ₹

Particulars	Year ended December 31,	
	2014	2013
Income from consultancy services	4,65,34,064	1,93,09,824
Software development expenses	4,57,34,311	43,82,649
GROSS PROFIT	7,99,753	1,49,27,175
Selling and marketing expenses	88,59,495	52,500
General and administration expenses	2,88,43,759	1,64,56,824
	3,77,03,254	1,65,09,324
OPERATING PROFIT BEFORE INTEREST AND DEPRECIATION	(3,69,03,501)	(15,82,149)
Depreciation and amortization	3,19,421	1,44,339
OPERATING PROFIT	(3,72,22,922)	(17,26,488)
Other income	14,94,543	10,36,436
PROFIT BEFORE TAX	(3,57,28,379)	(6,90,052)
Tax expense		
Current tax	7,20,846	4,13,238
Deferred tax	–	(2,36,190)
PROFIT FOR THE PERIOD	(3,64,49,225)	(8,67,100)

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

Martin De Pablo
Director

Bengaluru
January 9, 2015


Lodestone Management
Consultants sp. z o.o.

Independent Auditors' Report

To the Members of Lodestone Management Consultants sp. z o.o.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Lodestone Management Consultants sp. z o.o. ('The Company'), which comprises the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act, Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2014 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Place: Bengaluru
Date: January 9, 2015

Balance Sheet

In ₹

Particulars	Note	As at December 31,	
		2014	2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	3,09,88,260	3,09,88,260
Reserves and surplus	2.2	(2,95,61,453)	(4,51,55,573)
		14,26,807	(1,41,67,313)
CURRENT LIABILITIES			
Trade payables	2.4	2,52,29,179	11,29,03,647
Other current liabilities	2.5	7,89,44,274	4,18,84,285
Short-term provisions	2.6	6,46,08,361	1,28,52,557
		16,87,81,814	16,76,40,489
		17,02,08,621	15,34,73,176
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.7	65,60,958	23,91,645
Deferred tax assets (net)	2.3	–	1,45,43,685
Long-term loans and advances	2.9	97,45,884	–
		1,63,06,842	1,69,35,330
CURRENT ASSETS			
Trade receivables	2.10	12,68,42,862	8,81,54,630
Cash and cash equivalents	2.11	43,27,774	2,70,67,123
Short-term loans and advances	2.12	2,27,31,143	2,13,16,093
		15,39,01,779	13,65,37,846
		17,02,08,621	15,34,73,176
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Peter Fischer
Director

Robert Boreczek
Director

Bengaluru
January 9, 2015

Statement of Profit and Loss

in ₹ except per share data

Particulars	Note	Year ended December 31,	
		2014	2013
Income from consultancy services		74,71,42,093	47,02,25,983
Other income	2.13	1,01,07,540	58,80,333
Total revenue		75,72,49,633	47,61,06,316
Expenses			
Employee benefit expenses	2.14	34,01,43,448	30,02,69,727
Cost of technical sub-contractors		12,53,19,043	7,10,47,344
Travel expenses	2.14	11,79,00,628	9,18,46,213
Communication expenses	2.14	51,61,263	53,84,658
Professional charges		7,56,98,780	1,56,76,532
Interest expenses	2.14	38,473	6,768
Depreciation and amortization expenses	2.7	18,11,551	27,85,687
Other expenses	2.14	1,49,34,008	1,17,57,907
Total expenses		68,10,07,194	49,87,74,836
PROFIT BEFORE TAX		7,62,42,439	(2,26,68,520)
Tax expense			
Current tax	2.15	5,30,14,515	–
Deferred tax	2.15	1,40,49,242	(20,23,105)
PROFIT FOR THE PERIOD		91,78,682	(2,06,45,415)
EARNINGS PER EQUITY SHARE			
Equity shares of par value ₹ 100 / - each			
Basic		918	(2,065)
Number of shares used in computing earnings per share			
Basic		10,000	10,000
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Peter Fischer
Director

Robert Boreczek
Director

Bengaluru
January 9, 2015

Cash Flow Statement

In ₹

Particulars	Note	Year ended December 31, 2014	Year ended December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		7,62,42,439	(2,26,68,520)
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		18,11,551	27,85,687
Interest and dividend income		(9,617)	(28,118)
Loss / (Profit) of sale of tangible assets		(1,08,790)	9,303
Provision for post-sales client support and warranties		1,60,433	–
Effect of exchange differences on translation of assets and liabilities		70,59,411	(58,27,485)
Changes in assets and liabilities			
Trade receivables		(3,86,88,232)	(4,70,62,940)
Loans and advances and other assets		(1,02,91,405)	(1,36,09,645)
Liabilities and provisions		(4,99,23,938)	8,09,42,344
		(1,37,48,148)	(54,59,374)
Income taxes paid		(2484771)	40,46,210
NET CASH USED IN OPERATING ACTIVITIES		(1,62,32,919)	(14,13,164)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure (including intangible assets)		(78,17,965)	(26,51,155)
Sale proceeds from fixed assets		13,01,918	7,25,525
Interest and dividend received		9,617	28,118
NET CASH USED IN INVESTING ACTIVITIES		(65,06,430)	(18,97,512)
CASH FLOWS FROM FINANCING ACTIVITIES		–	–
NET CASH USED IN FINANCING ACTIVITIES		–	–
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(2,27,39,349)	(33,10,676)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		2,70,67,123	3,03,77,799
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		43,27,774	2,70,67,123
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Peter Fischer
Director

Robert Boreczek
Director

Bengaluru
January 9, 2015

Significant accounting policies and notes on accounts

Company overview

Lodestone Management Consultants Sp. Z.o.o. is a wholly-owned subsidiary of Lodestone Holding AG, Kloten (Switzerland). The Company renders professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is INR.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates may include computation of percentage-of-completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Revenue recognition

The method for recognizing revenues and cost depends on the nature of the services rendered and on the substance of the contractual agreement. Revenues and costs generated under time-and-material contracts are recognized as services are rendered.

An expected project loss is recognized as an expense immediately.

Revenue comprises the invoiced value for the services and expense reimbursements, net of value added tax, rebates and discounts.

1.6 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.7 Post-sales client support and warranties

The Company provides its clients with a fixed-period warranty for corrections of errors and telephone support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in cost of sales. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions.

1.8 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

Tangible assets are stated at cost less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.10 Intangible assets

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably.

1.11 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows:

Buildings [1]	22-25 years
Plant and machinery [1]	5 years
Office equipment	5 years
Computer equipment [1]	3-5 years
Furniture and fixtures [1]	5 years
Vehicles [1]	5 years

[1] For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end. *(Refer to Note 2.8)*

1.12 Impairment

The Management periodically assesses using external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13 Benefits to employees

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.14 Foreign currency transactions in the books of holding company

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.15 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situations where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situations of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to Statement of Profit and Loss are credited to the securities premium reserve.

1.16 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

1.17 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.18 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.19 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight-line basis in the Statement of Profit and Loss over the lease term.

2 Notes on accounts for the year ended December 31, 2014

The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2014	2013
Authorized share capital		
10,000 (10,000) equity shares at ₹100 each	3,09,88,260	3,09,88,260
Issued, subscribed and paid-up		
10,000 (10,000) equity shares at ₹100 each	3,09,88,260	3,09,88,260
	3,09,88,260	3,09,88,260

The details of shareholders holding more than 5% shares as at December 31, 2014 and December 31, 2013 are set out below :

Name of the shareholder	As at December 31,			
	2014		2013	
	No. of shares	% held	No. of shares	% held
Lodestone Holding AG	10,000	100	10,000	100

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2014 and March 31, 2014 is set out below:

Particulars	As at December 31,			
	2014		2013	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning of the period	10,000	3,09,88,260	10,000	3,09,88,260
Add: Bonus shares issued (including bonus on treasury shares)	–	–	–	–
Less: Treasury shares	–	–	–	–
Number of shares at the end of the period	10,000	3,09,88,260	10,000	3,09,88,260

2.2 Reserves and surplus

In ₹

Particulars	As at December 31,	
	2014	2013
Foreign currency translation reserve – Opening balance	66,85,135	62,51,713
Add: Foreign currency translation during the year	64,15,438	4,33,422
Foreign currency translation reserve – Closing balance	1,31,00,573	66,85,135
Surplus – Opening balance	(5,18,40,708)	(3,11,95,293)
Add: Net profit after tax transferred from Statement of Profit and Loss	91,78,682	(2,06,45,415)
Surplus – Closing balance	(4,26,62,026)	(5,18,40,708)
	(2,95,61,453)	(4,51,55,573)

2.3 Deferred taxes

in ₹

Particulars	As at December 31,	
	2014	2013
Deferred tax assets		
Accumulated losses	–	1,45,43,685
	–	1,45,43,685

2.4 Trade payables

in ₹

Particulars	As at December 31,	
	2014	2013
Trade payables [1]	2,52,29,179	11,29,03,647
	2,52,29,179	11,29,03,647
[1] *Includes due to holding and fellow subsidiaries (Refer to Note 2.16)*	13,89,761	8,82,84,417

2.5 Other current liabilities

in ₹

Particulars	As at December 31,	
	2014	2013
Accrued salaries and benefits		
Bonus and incentives	1,25,57,993	1,96,56,204
Other liabilities		
Provision for expenses	3,39,04,368	2,29,13,187
Withholding and other taxes payable	46,51,240	(20,99,518)
Other payables [1]	2,78,30,673	14,14,412
	7,89,44,274	4,18,84,285
[1] *Includes other liabilities to holding and fellow subsidiaries (Refer to Note 2.16)*	2,65,62,686	14,31,380

2.6 Short-term provisions

in ₹

Particulars	As at December 31,	
	2014	2013
Provision for employee benefits		
Unavailed leave	1,35,47,981	1,28,52,557
Others		
Provision for		
Income taxes (net of advance tax and TDS)	5,09,04,830	–
Post-sales client support and warranties and other provisions	1,55,550	–
	6,46,08,361	1,28,52,557

Provision for post-sales client support and warranties and other provisions

The movement in the provision for post-sales client support and warranties and other provisions is as follows :

in ₹

Particulars	Year ended December 31,	
	2014	2013
Balance at the beginning	-	–
Provision recognized / (reversed)	1,60,433	
Exchange difference during the period	(4,883)	–
Balance at the end	1,55,550	–

Provision for post-sales client support and other provisions are expected to be utilized over a period of six months to one year.

2.7 Fixed assets

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2014:

in ₹, except as otherwise stated

Particulars	Tangible assets				
	Leasehold Improvements	Office equipment	Computer equipment	Furniture and fixtures	Total
Original cost					
As at January 1, 2014	74,124	–	89,99,706	1,82,868	92,56,698
Additions / adjustments during the period	2,99,269	44,795	74,73,901	–	78,17,965
Deductions / retirement during the period	(29,601)	–	(28,58,725)	(23,092)	(29,11,418)
As at December 31, 2014	3,43,792	44,795	1,36,14,882	1,59,776	1,41,63,245
Depreciation and amortization					
As at January 1, 2014	61,432	–	66,68,327	1,35,294	68,65,053
For the period	51,537	9,648	17,16,968	33,398	18,11,551
Deductions / adjustments during the period	(10,747)	(650)	(10,43,225)	(19,695)	(10,74,317)
As at December 31, 2014	1,02,222	8,998	73,42,070	1,48,997	76,02,287
Net book value					
As at December 31, 2014	2,41,570	35,797	62,72,812	10,779	65,60,958

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2013:

in ₹, except as otherwise stated

Particulars	Tangible assets				
	Leasehold Improvements	Office equipment	Computer equipment	Furniture and fixtures	Total
Original cost					
As at January 1, 2013	64,072	–	65,71,432	1,58,058	67,93,562
Additions / adjustments during the period	–	–	26,51,155	–	26,51,155
Deductions / retirement during the period	10,052	–	(2,22,881)	24,810	(1,88,019)
As at December 31, 2013	74,124	–	89,99,706	1,82,868	92,56,698
Depreciation and amortization					
As at January 1, 2013	34,291	–	36,64,059	76,936	37,75,286
For the period	19,742	–	27,23,953	41,992	27,85,687
Deductions / adjustments during the period	7,399	–	2,80,315	16,366	3,04,080
As at December 31, 2013	61,432	–	66,68,327	1,35,294	68,65,053
Net book value					
As at December 31, 2013	12,692	–	23,31,379	47,574	23,91,645

During the quarter ended June 30, 2014, the Management based on internal and external technical evaluation reassessed the remaining useful life of assets primarily consisting of buildings and computers with effect from April 1, 2014. Accordingly, the useful lives of certain assets required a change from the previous estimates.

The existing and revised useful lives are as below:

Category of assets	Earlier useful life (Years)	Current useful life (Years)
Building	15	22-25
Plant and machinery	5	5
Computer equipment	2-5	3-5
Furniture and fixtures	5	5
Vehicles	5	5

Had the Company continued with the previously assessed useful lives, charge for depreciation for the twelve months ended December 31, 2014 would have been higher by ₹356,505 for assets held at April 1, 2014. The revision of the useful lives will result in the following changes in the depreciation expense as compared to the original useful life of the assets.

in ₹

Particulars	Year ended December, 2015	After year ended December, 2015
Increase / (decrease) in depreciation expense	(76,842)	4,33,347

The Company has entered into lease-cum-sale agreements to acquire certain properties. In accordance with the terms of some of these agreements, the Company has the option to purchase or renew the properties on expiry of the lease period.

2.8 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the year and the maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹

Particulars	Year ended December 31,	
	2014	2013
Lease rentals recognized during the year	86,09,126	67,02,616

in ₹

Lease obligations payable	Year ended December 31,	
	2014	2013
Within one year of the Balance Sheet date	18,69,043	17,62,651

2.9 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Other loans and advances		
Advance income taxes (net of provisions)	8,69,529	–
Loans and advances to employees		
Housing and other loans	88,76,355	–
	97,45,884	–

2.10 Trade receivables

in ₹

Particulars	As at December 31,	
	2014	2013
Other debts		
Unsecured		
Considered good [1]	12,68,42,862	8,81,54,630
	12,68,42,862	8,81,54,630
[1] *Includes dues from holding and fellow subsidiaries (Refer to Note 2.16)*	10,69,87,988	8,70,21,402

2.11 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2014	2013
In current and deposit accounts	43,27,774	2,70,67,123
	43,27,774	2,70,67,123

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
In current accounts		
Bank Zachodni WBK S.A. (PLN)	19,56,470	2,48,47,713
Bank Zachodni WBK S.A. (EURO)	13,81,204	12,26,887
Bank - Zachodni Social Fund	9,90,100	9,92,523
	43,27,774	2,70,67,123

2.12 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Prepaid expenses	86,896	8,25,674
Withholding and other taxes receivable	1,38,01,375	1,82,89,648
	1,38,88,271	1,91,15,322
Unbilled revenues	59,75,325	2,193
Loans and advances to employees		
Salary advances	24,26,877	16,94,673
Electricity deposits	4,749	4,983
Rental deposits	4,35,921	4,98,922
	2,27,31,143	2,13,16,093

2.13 Other income

in ₹

Particulars	Year ended December 31,	
	2014	2013
Interest received on deposits with banks and others	9,617	28,118
Miscellaneous income, net	1,22,42,108	70,63,295
Gains / (losses) on foreign currency, net	(21,44,185)	(12,11,080)
	1,01,07,540	58,80,333

2.14 Expenses

in ₹

Particulars	Year ended December 31,	
	2014	2013
Employee benefit expenses		
Salaries and bonus	33,54,71,334	28,54,14,874
Staff welfare	46,72,114	1,48,54,853
	34,01,43,448	30,02,69,727
Travel expenses		
Traveling and conveyance	11,79,00,628	9,18,46,213
	11,79,00,628	9,18,46,213
Communication expenses		
Telephone charges	51,61,263	53,84,658
	51,61,263	53,84,658
Interest expenses		
Bank interest	38,473	6,768
	38,473	6,768

in ₹

Particulars	Year ended December 31,	
	2014	2013
Other expenses		
Office maintenance	19,10,702	4,87,463
Power and fuel	2,48,610	1,98,274
Rent	86,09,126	67,02,616
Rates and taxes, excluding taxes on income	3,11,839	2,47,389
Computer maintenance	9,75,751	12,58,234
Insurance charges	–	69,850
Provision for post-sales client support and warranties	1,60,433	–
Auditor's remuneration		
Statutory audit fees	6,46,920	7,15,750
Bank charges and commission	2,60,226	2,08,223
Others	18,10,401	18,70,108
	1,49,34,008	1,17,57,907

2.15 Tax expense

in ₹

Particulars	Year ended December 31,	
	2014	2013
Current tax		
Income tax	5,30,14,515	–
Deferred taxes	1,40,49,242	(20,23,105)
	6,70,63,757	(20,23,105)

2.16 Related party transactions

List of related parties:

Name of the holding company	Country	Holding as at December 31,	
		2014	2013
Lodestone Holding AG	Switzerland	100%	100%

Name of the ultimate holding company	Country
Infosys Limited	India

Name of fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Mexico	Mexico
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Brasil	Brazil
Infosys Public Services, Inc.	U.S.
Infosys Consulting India Limited (1)	India
Infosys Americas (2)	U.S.
Infosys BPO s.r.o (3)	Czech Republic
Infosys BPO S. de R.L. de C.V. (3)(11)	Mexico
Infosys McCamish Systems LLC (3)	U.S.
Portland Group Pty. Ltd. (3)	Australia
Portland Procurement Services Pty. Ltd. (7)	Australia
Infosys Australia (4)	Australia
EdgeVerve Systems Limited (10)	India
Lodestone Management Consultants (Canada) Inc. (5)(9)	Canada
Lodestone Management Consultants Inc. (5)	U.S.
Lodestone Management Consultants Pty. Limited (5)	Australia
Lodestone Management Consultants AG (5)	Switzerland
Lodestone Augmentis AG (8)	Switzerland
Hafner Bauer & Ödman GmbH (5)	Switzerland
Lodestone Management Consultants (Belgium) S.A. (6)	Belgium
Lodestone Management Consultants GmbH (5)	Germany
Lodestone Management Consultants Pte Ltd. (5)	Singapore
Lodestone Management Consultants SAS (5)	France
Lodestone Management Consultants s.r.o. (5)	Czech Republic
Lodestone Management Consultants GmbH (5)	Austria
Lodestone Management Consultants China Co., Ltd. (5)	China
Lodestone Management Consultants Ltd. (5)	U.K.
Lodestone Management Consultants BV (5)	Netherlands
Lodestone Management Consultants Ltda. (6)	Brazil
Lodestone Management Consultants Portugal, Unipessoal, LDA (5)	Portugal
SC Lodestone Management Consultants S.R.L. (5)	Romania
Lodestone Management Consultants S.R.L. (5)	Argentina
Infosys Canada Public Services Ltd. (12)(13)	Canada

(1) *The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012*
(2) *Incorporated effective June 25, 2013*
(3) *Wholly-owned subsidiaries of Infosys BPO*
(4) *Under liquidation*
(5) *Wholly-owned subsidiaries of Lodestone Holding AG*
(6) *Majority-owned and controlled subsidiaries of Lodestone Holding AG*
(7) *Wholly-owned subsidiary of Portland Group Pty. Ltd.; liquidated effective May 14, 2014*
(8) *Wholly-owned subsidiary of Lodestone Management Consultant AG*
(9) *Liquidated effective December 31, 2013*
(10) *Incorporated effective February 14, 2014*
(11) *Incorporated effective February 14, 2014*
(12) *Incorporated effective December 19, 2014*
(13) *Wholly-owned subsidiary of Infosys Public Services, Inc.*

The details of amounts due to or due from as at December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Trade receivables		
Lodestone Management Consultants Inc.	9,50,440	25,626
Lodestone Management Consultants Pty. Limited	97,318	–
Lodestone Management Consultants AG	4,39,20,873	4,51,29,467
Lodestone Management Consultants (Belgium) S.A.	40,318	–
Lodestone Management Consultants GmbH, Germany	2,95,52,248	–
Lodestone Management Consultants Pte Ltd.	70,903	2,06,604
Lodestone Management Consultants SAS	72,17,285	1,53,02,113
Lodestone Management Consultants GmbH, Austria	19,439	1,28,14,430
Lodestone Management Consultants Co., Ltd.	26,28,512	30,08,397
Lodestone Management Consultants Ltd.	2,19,67,010	25,96,400
Lodestone Management Consultants BV	3,90,137	75,18,965
Lodestone Management Consultants Portugal, Unipessoal, LDA	1,33,505	4,19,400
Trade payables		
Lodestone Management Consultants AG	11,91,654	96,20,591
Lodestone Management Consultants Ltd.	1,96,624	10,158
Infosys BPO (Poland) Sp. z o.o.	–	6,88,89,484
Lodestone Management Consultants sp. z o.o.	–	98,57,318
Lodestone Augmentis AG	1,483	–
FX valuation on above	–	(93,134)
Other payables		
Lodestone Management Consultants AG	2,65,62,686	–
Lodestone Management Consultants Pty. Limited	–	7,45,428
Lodestone Management Consultants GmbH, Germany	–	54,599
Lodestone Management Consultants (Belgium) S.A.	–	1,23,448
Lodestone Augmentis AG	–	39,112
Lodestone Management Consultants s.r.o.	–	1,43,409
SC Lodestone Management Consultants S.R.L. (7)	–	3,09,897

The details of the related party transactions entered into by the Company for the year ended December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
Revenue transactions		
Purchase of services		
Lodestone Management Consultants Portugal, Unipessoal, LDA	–	983
S.C. Lodestone Management Consultants S.R.L.	–	63,430
Infosys BPO (Poland) Sp. z o.o.	5,26,49,407	–
Lodestone Management Consultants Ltd., U.K.	9,08,184	6,46,31,800
Lodestone Management Consultants AG	92,83,488	91,88,577
Sale of services		
Lodestone Management Consultants Pty. Limited	–	10,09,046
Lodestone Management Consultants (Belgium) S.A.	5,12,326	15,42,761
Lodestone Management Consultants AG	34,13,31,311	28,10,03,583
Lodestone Augmentis AG	34,925	51,405
Lodestone Management Consultants SAS	2,60,70,977	1,48,58,338
Lodestone Management Consultants Ltd.	9,37,19,897	62,39,980
Lodestone Management Consultants Pte Ltd.	9,08,257	5,93,641
Lodestone Management Consultants Inc.	44,02,996	1,53,01,829
Lodestone Management Consultants (Canada) Inc.	–	55,830
Lodestone Management Consultants Co., Ltd.	–	13,75,010
Lodestone Management Consultants s.r.o.	1,93,041	2,12,919
Lodestone Management Consultants BV	21,66,094	2,04,423
Lodestone Management Consultants Portugal, Unipessoal, LDA	4,44,175	5,56,512
Lodestone Management Consultants GmbH (Germany)	25,82,69,703	8,55,76,081
Lodestone Management Consultants GmbH (Austria)	1,22,237	–
Lodestone Management Consultants BV	–	1,83,26,094
Lodestone Management Consultants Pty. Limited	11,51,816	–
Lodestone Management Consultants Ltd., U.K.	–	4,41,67,174
SC Lodestone Management Consultants S.R.L.	5,53,127	3,83,584

2.17 Quantitative details

The Company is primarily engaged in the development and maintenance of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per Schedule III to the Companies Act, 2013.

2.18 Segment reporting

The Company is engaged in providing consultancy services in a single geography. Its operations are therefore considered to constitute a single segment in the context of Accounting Standard 17 - Segment Reporting.

2.19 Function-wise classification of Statement of Profit and Loss

In ₹

Particulars	Year ended December 31,	
	2014	2013
Income from consultancy services	74,71,42,093	47,02,25,983
Software development expenses	56,52,44,293	45,67,71,723
GROSS PROFIT	18,18,97,800	1,34,54,260
Selling and marketing expenses	90,32,755	10,07,211
General and administration expenses	10,48,80,122	3,82,03,447
	11,39,12,877	3,92,10,658
OPERATING PROFIT BEFORE DEPRECIATION	6,79,84,923	(2,57,56,398)
Depreciation and amortization	18,11,551	27,85,687
Interest	38,473	6,768
OPERATING PROFIT	6,61,34,899	(2,85,48,853)
Other income	1,01,07,540	58,80,333
PROFIT BEFORE TAX	7,62,42,439	(2,26,68,520)
Tax expense		
Current tax	5,30,14,515	–
Deferred tax	1,40,49,242	(20,23,105)
PROFIT FOR THE PERIOD	91,78,682	(2,06,45,415)

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Peter Fischer
Director

Robert Boreczek
Director

Bengaluru
January 9, 2015

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Lodestone Management
Consultants s.r.o.

Independent Auditors' Report

To the Members of Lodestone Management Consultants s.r.o.

Report on the standalone Financial Statements

We have audited the accompanying standalone financial statements of Lodestone Management Consultants s.r.o. ('the Company'), which comprises the Balance sheet as at December 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act, Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2014 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, We report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Place: Bengaluru
Date: January 9, 2015

Balance Sheet

in ₹,

Particulars	Note	As at December 31,	
		2014	2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	7,89,777	7,89,777
Reserves and surplus	2.2	1,39,20,862	81,85,089
		1,47,10,639	89,74,866
CURRENT LIABILITIES			
Trade payables	2.3	–	1,67,644
Other current liabilities	2.4	1,10,05,046	80,95,396
Short-term provisions	2.5	31,79,490	34,94,507
		1,41,84,536	1,17,57,547
		2,88,95,175	2,07,32,413
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.6	–	–
Long-term loans and advances	2.8	9,22,237	15,511
		9,22,237	15,511
CURRENT ASSETS			
Trade receivables	2.9	95,33,502	1,20,91,031
Cash and cash equivalents	2.10	1,80,11,981	78,96,880
Short-term loans and advances	2.11	4,27,455	7,28,991
		2,79,72,938	2,07,16,902
		2,88,95,175	2,07,32,413
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Peter Fischer
Director

Robert Boreczek
Director

Bengaluru
January 9, 2015

Statement of Profit and Loss

in ₹, except per share data

Particulars	Note	Year ended December 31,	
		2014	2013
Income from consultancy services		10,01,65,692	8,95,69,370
Other income	2.12	(3,86,291)	(13,162)
Total revenue		9,97,79,401	8,95,56,208
Expenses			
Employee benefit expenses	2.13	5,66,79,142	5,67,04,846
Cost of technical sub-contractors		–	2,19,498
Travel expenses	2.13	2,87,81,428	2,23,17,660
Communication expenses	2.13	8,76,669	37,424
Professional charges		31,31,758	17,22,718
Interest expenses	2.13	–	(498)
Depreciation and amortization expenses	2.6	–	6,056
Other expenses	2.13	15,51,635	6,42,944
Total expenses		9,10,20,632	8,16,50,648
PROFIT BEFORE TAX		87,58,769	79,05,560
Tax expense			
Current tax	2.14	16,88,035	17,77,754
Deferred tax	2.14	–	1,35,415
PROFIT FOR THE PERIOD		70,70,734	59,92,391
EARNINGS PER EQUITY SHARE			
Equity shares of par value CZK 1/- each			
Basic and diluted		35	30
Number of shares used in computing earnings per share			
Basic and diluted		2,00,000	2,00,000
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Peter Fischer
Director

Robert Boreczek
Director

Bengaluru
January 9, 2015

Cash Flow Statement

in ₹

Particulars	Note	For the year ended December 31, 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		87,58,769	79,05,560
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		–	6,056
Interest and dividend income		(567)	–
Effect of exchange differences on translation of assets and liabilities		(13,34,961)	5,19,878
Changes in assets and liabilities			
Trade receivables		25,57,529	(24,52,233)
Loans and advances and other assets		(7,64,188)	(1,45,099)
Liabilities and provisions		39,07,609	(2,22,798)
		1,31,24,191	56,11,364
Income taxes paid		(30,09,657)	(8,92,915)
NET CASH GENERATED BY OPERATING ACTIVITIES		1,01,14,534	47,18,449
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure (including intangible assets)		–	(13,124)
Proceeds from sale of fixed assets		–	6,562
Interest and dividend income as per profit and loss account		567	–
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		567	(6,562)
NET CASH FLOWS FROM FINANCING ACTIVITIES		–	–
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,01,15,101	47,11,887
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		78,96,880	31,84,993
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1,80,11,981	78,96,880
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number:006673S

M. Rathnakar Kamath	Peter Fischer	Robert Boreczek
Partner	*Director*	*Director*

Membership Number: 202841

Bengaluru
January 9, 2015

Significant accounting policies and notes on accounts

Company overview

Lodestone Management Consultants s.r.o is a wholly-owned subsidiary of Lodestone Holding AG, Kloten (Switzerland). The Company render professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is INR.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates may include computation of percentage-of-completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Revenue recognition

The method for recognizing revenues and cost depends on the nature of the services rendered and on the substance of the contractual agreement. Revenues and costs generated under time-and-material contracts are recognized as services are rendered.

An expected project loss is recognized as an expense immediately.

Revenue comprises the invoiced value for the services and expense reimbursements, net of value added tax, rebates and discounts.

1.6 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.7 Post-sales client support and warranties

The Company provides its clients with a fixed-period warranty for corrections of errors and telephone support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in cost of sales. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions.

1.8 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets and capital work-in-progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.10 Intangible assets

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably.

1.11 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows:

Buildings [1]	22-25 years
Plant and machinery [1]	5 years
Office equipment	5 years
Computer equipment [1]	3-5 years
Furniture and fixtures [1]	5 years
Vehicles [1]	5 years

[1] *For these class of assets, based on 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. Hence the useful lives for these assets is different from the useful lives as prescribed under part C of Schedule II of the Companies Act 2013.*

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end. *(Refer to Note 2.6)*

1.12 Impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13 Benefits to employees

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.14 Foreign currency transactions in the books of holding company

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.15 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situations where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situations of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to Statement of Profit and Loss are credited to the securities premium reserve.

1.16 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

1.17 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.18 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.19 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight-line basis in the Statement of Profit and Loss over the lease term.

2 Notes on accounts for the year ended December 31, 2014

2.1 Share capital

in ₹

Particulars	As at December 31, 2014	2013
Authorized		
200,000 (2,00,000) Equity Shares @ CZK 1 each	7,89,777	7,89,777
Issued, subscribed and paid-up		
200,000 (2,00,000) Equity Shares @ CZK 1 each	7,89,777	7,89,777
	7,89,777	7,89,777
[Of the above, 2,00,000 (2,00,000) equity shares are held by the holding company, Lodestone holding AG]	7,89,777	7,89,777

2.2 Reserves and surplus

in ₹

Particulars	As at December 31, 2014	2013
Foreign currency translation reserve – Opening balance	5,95,153	2,25,246
Add: Foreign currency translation during the year	(13,34,961)	3,69,907
Foreign currency translation reserve – Closing balance	(7,39,808)	5,95,153
Other Reserves	58,464	58,464
	58,464	58,464
Surplus – Opening Balance	75,31,472	15,39,081
Add: Net profit after tax transferred from Statement of Profit and Loss	70,70,734	59,92,391
Amount available for appropriation	1,46,02,206	75,31,472
Surplus – Closing balance	1,46,02,206	75,31,472
	1,39,20,862	81,85,089

2.3 Trade payables

in ₹

Particulars	As at December 31, 2014	2013
Trade payables	–	1,67,644
	–	1,67,644

2.4 Other current liabilities

in ₹

Particulars	As at December 31, 2014	2013
Accrued salaries and benefits		
Salaries and benefits	32,33,802	16,98,959
Bonus and incentives	17,74,003	40,61,198
Other liabilities		
Provision for expenses	14,85,854	9,610
Withholding and other taxes payable	21,72,548	22,76,676
Other payables	23,38,839	48,953
	1,10,05,046	80,95,396

2.5 Short-term provisions

in ₹

Particulars	As at December 31, 2014	2013
Provision for employee benefits		
Unavailed leave	31,35,898	21,13,782
Others		
Income taxes (net of advance tax and TDS)	43,592	13,80,725
	31,79,490	34,94,507

2.6 Fixed assets

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2014:

in ₹, except as otherwise stated

Particulars	Tangible assets	
	Computer equipment	Total
Original cost		
As at January 1, 2014	6,825	6,825
Additions / adjustments during the period	–	–
Deductions / retirement during the period	(744)	(744)
As at December 31, 2014	6,081	6,081
Depreciation and amortization		
As at January 1, 2014	6,825	6,825
For the period	–	–
Deductions / adjustments during the period	(744)	(744)
As at December 31, 2014	6,081	6,081
Net book value		
As at December 31, 2014	–	–

Following are the changes in the carrying value of fixed assets for the year ended December 31, 2013:

in ₹, except as otherwise stated

Particulars	Tangible assets	
	Computer equipment	Total
Original cost		
As at January 1, 2013	–	–
Additions / adjustments during the period	13,124	13,124
Deductions / retirement during the period	(6,299)	(6,299)
As at December 31, 2013	6,825	6,825
Depreciation and amortization		
As at January 1, 2013	–	–
For the period	6,056	6,056
Deductions / adjustments during the period	769	769
As at December 31, 2013	6,825	6,825
Net book value		
As at December 31, 2013	–	–

During the quarter ended June 30, 2014, the Management based on internal and external technical evaluation reassessed the remaining useful life of assets primarily consisting of buildings and computers with effect from April 1, 2014. Accordingly the useful lives of certain assets required a change from the previous estimates.

The existing and revised useful lives are as below:

Category of assets	Earlier useful life (Years)	Current useful life (Years)
Building	15	22-25
Plant and machinery	5	5
Computer equipment	2-5	3-5
Furniture and fixtures	5	5
Vehicles	5	5

2.7 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the year and the maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹

Particulars	Year ended December 31,	
	2014	2013
Lease rentals recognized during the year	2,94,267	1,52,591

Lease obligations payable	Year ended December 31,	
	2014	2013
Within one year of the Balance Sheet date	–	–
Due in a period between one year and five years	–	–
Due after five years	–	–

The operating lease arrangements, are renewable on a periodic basis and for most of the leases extend up to a maximum of 10 years from their respective dates of inception and relate to rented premises. Some of these lease agreements have price escalation clauses.

2.8 Long-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Advance income taxes	–	15,511
Loans and advances to employees		
Housing and other loans	9,22,237	–
	9,22,237	15,511

2.9 Trade receivables

in ₹

Particulars	As at December 31,	
	2014	2013
Other debts		
Considered good [(1)]	95,33,502	1,20,91,031
	95,33,502	1,20,91,031
[(1)] *Includes dues from fellow subsidiaries (Refer to Note 2.15)*	95,33,502	1,20,91,031

2.10 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2014	2013
Balances with banks		
In current accounts	1,80,11,981	78,96,880

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
In current accounts		
Raiffeisenbank a.s. (CZK)	1,80,11,981	78,96,880
	1,80,11,981	78,96,880

2.11 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Others		
Advances		
Prepaid expenses	1,00,835	3,74,466
Withholding and other taxes receivable	2,68,832	1,62,998
Others	14,983	–
	3,84,650	5,37,464
Rental deposits	42,805	48,040
Others [(1)]	–	1,43,487
	42,805	1,91,527
	4,27,455	7,28,991
[(1)] *Includes dues from fellow subsidiaries (Refer to Note 2.15)*	–	1,43,487

2.12 Other income

in ₹

Particulars	Year ended December 31,	
	2014	2013
Interest received on deposits with banks and others	567	–
Miscellaneous income, net	–	5
Gains / (losses) on foreign currency, net	(3,86,858)	(13,167)
	(3,86,291)	(13,162)

2.13 Expenses

in ₹

Particulars	Year ended December 31,	
	2014	2013
Employee benefit expenses		
Salaries and bonus	5,62,96,776	5,60,37,246
Staff welfare	3,82,366	6,67,600
	5,66,79,142	5,67,04,846
Travel expenses		
Traveling and conveyance	2,87,81,428	2,23,17,660
	2,87,81,428	2,23,17,660
Communication expenses		
Telephone charges	8,76,669	37,424
	8,76,669	37,424
Interest expenses		
Bank interest	–	(498)
	–	(498)

in ₹

Particulars	Year ended December 31,	
	2014	2013
Other expenses		
Office maintenance	5,08,001	1,21,832
Rent	2,94,267	1,52,591
Rates and taxes, excluding taxes on income	58,268	–
Computer maintenance	–	8,025
Insurance charges	–	69,497
Bank charges and commission	56,557	46,630
Others	6,34,542	2,44,369
	15,51,635	6,42,944

2.14 Tax expense

in ₹

Particulars	Year ended December 31,	
	2014	2013
Current tax		
Income taxes	16,88,035	17,77,754
Deferred taxes	–	1,35,415
	16,88,035	19,13,169

2.15 Related party transactions

List of related parties:

Name of the holding company	Country	Holding as at December 31,	
		2014	2013
Lodestone Holding AG	Switzerland	100%	100%

Name of ultimate holding company	Country
Infosys Limited	India

Name of fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Mexico	Mexico
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Brasil	Brazil
Infosys Public Services, Inc.	U.S.
Infosys Consulting India Limited [(1)]	India
Infosys Americas [(2)]	U.S.
Infosys BPO s. r. o [(3)]	Czech Republic
Infosys BPO (Poland) Sp z o.o. [(3)]	Poland
Infosys BPO S. de R. L. de C. V. [(3)(11)]	Mexico
Infosys McCamish Systems LLC [(3)]	U.S.
Portland Group Pty. Ltd[(3)]	Australia
Portland Procurement Services Pty. Ltd[(7)]	Australia
Infosys Australia [(4)]	Australia
EdgeVerve Systems Limited [(10)]	India
Lodestone Management Consultants (Canada) Inc. [(5)(9)]	Canada
Lodestone Management Consultants Inc. [(5)]	U.S.
Lodestone Management Consultants Pty. Limited [(5)]	Australia
Lodestone Management Consultants AG [(5)]	Switzerland
Lodestone Augmentis AG [(8)]	Switzerland
Hafner Bauer & Ödman GmbH [(5)]	Switzerland
Lodestone Management Consultants (Belgium) S.A. [(6)]	Belgium
Lodestone Management Consultants GmbH [(5)]	Germany
Lodestone Management Consultants Pte Ltd. [(5)]	Singapore
Lodestone Management Consultants SAS [(5)]	France
Lodestone Management Consultants GmbH [(5)]	Austria
Lodestone Management Consultants China Co., Ltd. [(5)]	China
Lodestone Management Consultants Ltd. [(5)]	U.K.
Lodestone Management Consultants BV [(5)]	Netherlands
Lodestone Management Consultants Ltda. [(6)]	Brazil
Lodestone Management Consultants Portugal, Unipessoal, LDA [(5)]	Portugal
SC Lodestone Management Consultants S.R.L. [(5)]	Romania
Lodestone Management Consultants S.R.L. [(5)]	Argentina
Infosys Canada Public Services Ltd.[(12)(13)]	Canada

(1) The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.
(2) Incorporated effective June 25, 2013
(3) Wholly-owned subsidiaries of Infosys BPO.
(4) Under liquidation
(5) Wholly-owned subsidiaries of Lodestone Holding AG
(6) Majority-owned and controlled subsidiaries of Lodestone Holding AG
(7) Wholly-owned subsidiary of Portland Group Pty. Ltd. Liquidated effective May 14, 2014.
(8) Wholly-owned subsidiary of Lodestone Management Consultants AG
(9) Liquidated effective December 31, 2013
(10) Incorporated effective February 14, 2014 (Refer to Note 2.10.2)
(11) Incorporated effective February 14, 2014
(12) Incorporated effective December 19, 2014
(13) Wholly-owned subsidiary of Infosys Public Services, Inc.

The details of amounts due to or due from as at December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	Year ended December 31,	
	2014	2013
Trade receivables		
Lodestone Management Consultants AG	3,96,984	9,06,596
Lodestone Management Consultants Ltd.	–	57,800
Lodestone Management Consultants SAS, France	34,79,825	73,80,475
Lodestone Management Consultants GmbH, Germany	56,56,693	37,46,160
	95,33,502	12,0,91,031
Other current assets		
Lodestone Management Consultants Sp. z o.o.	–	1,33,643
Forex value on above	–	9,844
	–	1,43,487

The details of the related party transactions entered into by the Company for the year ended December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	Year ended December 31,	
	2014	2013
Revenue transactions		
Purchase of Services		
Lodestone Management Consultants Sp. z o.o.	1,95,376	91,805
Lodestone Management Consultants Ltd.	–	1,27,693
	1,95,376	2,19,498
Sale of Services		
Lodestone Management Consultants SAS, France	1,58,91,592	74,74,788
Lodestone Management Consultants Ltd, U.K.	–	53,70,896
Lodestone Management Consultants AG	90,22,427	4,18,02,267
Lodestone Management Consultants GmbH	7,52,51,672	3,49,21,419
	10,01,65,691	8,95,69,370

2.16 Segment reporting

The Company is engaged in providing consultancy services in a single geography. Its operations are therefore considered to constitute a single segment in the context of Accounting Standard 17 - Segment Reporting.

2.17 Quantitative details

The Company is primarily engaged in the development and maintenance of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per Schedule III to the Companies Act, 2013.

2.18 Function-wise classification of Statement of Profit and Loss

in ₹

Particulars	Year ended December 31,	
	2014	2013
Income from consultancy services	10,01,65,692	8,95,69,370
Software development expenses	8,48,49,913	7,92,55,530
GROSS PROFIT	1,53,15,779	1,03,13,840
Selling and marketing expenses	3,42,757	2,15,714
General and administration expenses	58,27,962	21,73,846
	61,70,719	23,89,560
OPERATING PROFIT BEFORE DEPRECIATION	91,45,060	79,24,280
Depreciation and amortization	–	6,056
Interest	–	(498)
OPERATING PROFIT	91,45,060	79,18,722
Other income	(3,86,291)	(13,162)
PROFIT BEFORE TAX	87,58,769	79,05,560
Tax expense		
Current tax	16,88,035	17,77,754
Deferred tax	–	1,35,415
PROFIT FOR THE PERIOD	70,70,734	59,92,391

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Peter Fischer
Director

Robert Boreczek
Director

Bengaluru
January 9, 2015

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SC Lodestone Management
Consultants S.R.L.

Independent Auditors' Report

To the Members of SC Lodestone Management Consultants S.R.L.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of SC Lodestone Management Consultants S.R.L. ('the Company'), which comprises the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act, Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2014 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

For Shenoy & Kamath
Chartered Accountants,
Firm's Registration No. 006673S

M. Rathnakar Kamath
Partner
Membership No. 202841

Place: Bengaluru
Date: January 9, 2015

Balance Sheet

in ₹

Particulars	Note	As at December 31,	
		2014	2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	93,64,193	93,64,193
Reserves and surplus	2.2	3,77,09,536	37,82,108
		4,70,73,729	1,31,46,301
CURRENT LIABILITIES			
Short term borrowings	2.3	–	54,60,034
Trade payables	2.4	8,55,682	2,93,182
Other current liabilities	2.5	51,72,214	1,44,25,315
Short-term provisions	2.6	74,00,759	67,06,474
		1,34,28,655	2,68,85,005
		6,05,02,384	4,00,31,306
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.7	12,01,039	14,69,732
Long-term loans and advances		10,44,396	–
CURRENT ASSETS			
Trade receivables	2.9	5,10,50,388	2,65,39,042
Cash and cash equivalents	2.10	40,68,437	46,50,711
Short-term loans and advances	2.11	31,38,124	73,71,821
		5,82,56,949	3,85,61,574
		6,05,02,384	4,00,31,306
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants

Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner

Peter Fischer
Director

Cristin Florescu
Director

Membership Number: 202841

Bengaluru
January 9, 2015

Statement of Profit and Loss

in ₹

Particulars	Note	Year ended December 31,	
		2014	2013
Income from consultancy services		22,96,76,767	14,04,79,139
Other income	2.12	80,03,403	(2,95,881)
Total revenue		23,76,80,170	14,01,83,258
Expenses			
Employee benefit expenses	2.13	12,94,41,528	9,89,31,736
Cost of technical sub-contractors	2.13	82,41,901	–
Travel expenses	2.13	4,63,53,421	2,60,25,431
Communication expenses	2.13	11,91,273	–
Professional charges		23,39,205	11,13,117
Interest expenses		67,163	2,43,337
Depreciation and amortization expenses	2.7	11,39,997	7,09,830
Other expenses	2.13	47,29,213	1,06,47,531
Total expenses		19,35,03,701	13,76,70,982
PROFIT BEFORE TAX		4,41,76,469	25,12,276
Tax expense			
Current tax	2.14	62,16,448	2,89,824
Deferred tax	2.14	–	25,10,589
PROFIT FOR THE PERIOD		3,79,60,021	(2,88,137)
EARNINGS PER EQUITY SHARE			
Shares of 100/- RON par value each			
Basic		2,711	(21)
Number of shares used in computing earnings per share			
Basic		14,000	14,000
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants

Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner

Peter Fischer
Director

Cristin Florescu
Director

Membership Number: 202841

Bengaluru
January 9, 2015

Cash Flow Statement

in ₹

Particulars	Note	Year ended December 31, 2014	Year ended December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		4,41,76,469	25,12,276
Adjustments to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortization expense		11,39,997	7,09,830
Finance cost		67,163	2,43,337
Other non-cash item		6,508	–
Effect of exchange differences on translation of assets and liabilities		(38,85,665)	29,97,997
Changes in assets and liabilities			
Trade receivables		(2,45,11,346)	(1,41,79,635)
Loans and advances and other assets		42,33,697	(42,30,315)
Liabilities and provisions		(80,02,824)	73,94,494
		1,32,23,999	(45,52,016)
Income taxes paid		(72,60,844)	(9,26,909)
NET CASH GENERATED BY OPERATING ACTIVITIES		59,63,155	(54,78,925)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment towards capital expenditure (including intangible assets)		(10,18,232)	(13,55,263)
Interest and dividend received		–	–
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(10,18,232)	(13,55,263)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan received from parent		–	10,19,908
Loan repaid to parent		(54,60,034)	–
Finance cost		(67,163)	(2,43,337)
Dividend tax paid		–	–
NET CASH USED IN FINANCING ACTIVITIES		(55,27,197)	7,76,571
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(5,82,274)	(60,57,617)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		46,50,711	1,07,08,328
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		40,68,437	46,50,711
SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants

Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner

Peter Fischer
Director

Cristin Florescu
Director

Membership Number: 202841

Bengaluru
January 9, 2015

Significant accounting policies

Company overview

S.C. Lodestone Management Consultants S.R.L. is a wholly-owned subsidiary of Lodestone Holding AG, Kloten (Switzerland). The Company renders professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is INR.

1.4 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage-of-completion which requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.5 Revenue recognition

The method for recognizing revenues and cost depends on the nature of the services rendered and on the substance of the contractual agreement. Revenues and costs generated under time-and-material contracts are recognized as services are rendered.

An expected project loss is recognized as an expense immediately.

Revenue comprises the invoiced value for the services and expense reimbursements, net of value added tax, rebates and discounts.

-1.6 Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.7 Post-sales client support and warranties

The Company provides its clients with a fixed-period warranty for corrections of errors and telephone support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in cost of sales. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions.

1.8 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

1.9 Tangible assets

Tangible assets are stated at cost less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.10 Intangible assets

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably.

1.11 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows:

Buildings	15 years
Plant and machinery	5 years
Office equipment	5 years
Computer equipment	2-5 years
Furniture and fixtures	5 years
Vehicles	5 years

1.12 Provision for impairment

The Management periodically assesses using external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13 Benefits to employees

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation using percentage-of-completion method on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.14 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements to INR is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under reserves and surplus.

1.15 Income taxes

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situations where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situations of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to Statement of Profit and Loss are credited to the share premium account.

1.16 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.17 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.18 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight-line basis in the Statement of Profit and Loss over the lease term.

1.19 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2 Notes on accounts for the year ended December 31, 2014

The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2014	2013
Authorized		
14,000 (14,000) equity shares of RON 100 / - par value, fully paid	93,64,193	93,64,193
Issued, subscribed and paid-up		
14,000 (14,000) equity shares of RON 100 / - par value, fully paid	93,64,193	93,64,193
	93,64,193	93,64,193

The details of shareholder holding more than 5% shares as at December 31, 2014 and December 31, 2013 are set out below :

Particulars	As at December 31,			
	2014		2013	
	No. of shares	% held	No. of shares	% held
Lodestone Holding AG Holding Company	14,000	100	14,000	100

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2014 and March 31, 2014 is set out below:

Particulars	As at December 31,			
	2014		2013	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning of the period	14,000	93,64,193	14,000	93,64,193
Add: Bonus shares issued (Including bonus on treasury shares)	–	–	–	–
Less: Treasury shares	–	–	–	–
Number of shares at the end of the period	14,000	93,64,193	14,000	93,64,193

2.2 Reserves and surplus

in ₹

Particulars	As at December 31,	
	2014	2013
Securities premium account	1,24,85,591	1,24,85,591
Foreign currency translation reserve – Opening balance	72,81,471	41,09,742
Add: Foreign currency translation during the year	(40,32,593)	31,71,729
Foreign currency translation reserve – Closing balance	32,48,878	72,81,471
Other reserves – Opening balance	4,00,479	4,00,479
Add: Additions during the year	1,44,028	–
Other reserves – Closing balance (1)	5,44,507	4,00,479
Surplus – Opening Balance	(1,63,85,433)	(1,60,97,296)
Add: Net profit after tax transferred from Statement of Profit and Loss	3,79,60,021	(2,88,137)
Amount transferred to legal reserve	(1,44,028)	–
Surplus – Closing Balance	2,14,30,560	(1,63,85,433)
	3,77,09,536	37,82,108

(1) The Company is required to appropriate 5% of the annual profit to legal reserve until this equals 20% of the paid up share capital. To the extent it does not exceed one-half of the share capital, the general reserve may be used only to cover losses or for measures designed to sustain the Company through difficult times, to prevent unemployment or to mitigate its consequences.

2.3 Short-term borrowings

in ₹

Particulars	As at December 31,	
	2014	2013
From related parties – Unsecured	–	54,60,034
(Refer to Note 2.16)	–	54,60,034

2.4 Trade payables

in ₹

Particulars	As at December 31,	
	2014	2013
Trade payables	8,55,682	2,93,182
	8,55,682	2,93,182

2.5 Other current liabilities

in ₹

Particulars	As at December 31,	
	2014	2013
Accrued salaries and benefits		
Bonus and incentives	34,36,919	92,33,356
Provision for expenses	11,35,649	11,67,890
Withholding and other taxes payable	4,07,334	40,24,069
Other payables	1,92,312	–
	51,72,214	1,44,25,315

2.6 Short-term provisions

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Provision for employee benefits		
Unavailed leave	74,00,759	67,06,474
Post-sales client support and warranties and other provisions	–	–

The movement in provision for post-sales client support and warranties is as follows:

in ₹

Particulars	As at December 31, 2014	As at December 31, 2013
Balance at the beginning	–	–
Provision recognized (reversal)	6,508	–
Provision utilized	–	–
Exchange difference during the period	(6,508)	–
Balance at the end	–	–

Provision for post-sales client support and other provisions are expected to be utilized over a period of 6 months to 1 year.

2.7 Fixed assets

Following are the changes in the carrying value of fixed assets for the twelve months ended December 31, 2014:

in ₹

Particulars	Computer equipment	Furnitures and Fixtures	Total	Intangible assets: Intellectual property rights	Intangible assets: Total	Total
Original cost						
As at January 1, 2014	31,34,639	–	31,34,639	19,542	19,542	31,54,181
Additions / adjustments during the period	8,70,791	1,47,441	10,18,232	–	–	10,18,232
Deductions / retirement during the period	(3,75,436)	(4,410)	(3,79,846)	(1,964)	(1,964)	(3,81,810)
As at December 31, 2014	36,29,994	1,43,031	37,73,025	17,578	17,578	37,90,603
Depreciation and amortization						
As at January 1, 2014	16,64,907		16,64,907	19,542	19,542	16,84,449
For the period	10,34,179	1,05,818	11,39,997	–	–	11,39,997
Deductions / adjustments during the period	(2,29,062)	(3,856)	(2,32,918)	(1,964)	(1,964)	(2,34,882)
As at December 31, 2014	24,70,024	1,01,962	25,71,986	17,578	17,578	25,89,564
Net book value						
As at December 31, 2014	11,59,970	41,069	12,01,039	–	–	12,01,039

Following are the changes in the carrying value of fixed assets for the twelve months ended December 31, 2013:

in ₹

Particulars	Computer equipment	Furnitures and Fixtures	Total	Intangible assets: Intellectual property rights	Intangible assets: Total	Total
Original cost						
As at January 1, 2013	14,21,788	–	14,21,788	16,580	16,580	14,38,368
Additions / adjustments during the period	13,55,263	–	13,55,263	–	–	13,55,263
Deductions / retirement during the period	3,57,588	–	3,57,588	2,962	2,962	3,60,550
As at December 31, 2013	31,34,639	–	31,34,639	19,542	19,542	31,54,181
Depreciation and amortization						
As at January 1, 2013	7,71,221	–	7,71,221	16,580	16,580	7,87,801
For the period	7,09,830	–	7,09,830	–	–	7,09,830
Deductions / adjustments during the period	1,83,856	–	1,83,856	2,962	2,962	1,86,818
As at December 31, 2013	16,64,907	–	16,64,907	19,542	19,542	16,84,449
Net book value						
As at December 31, 2013	14,69,732	–	14,69,732	–	–	14,69,732

2.8 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the year and the maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹

Particulars	Year ended December 31,	
	2014	2013
Lease rentals recognized during the year	18,02,222	18,67,537

in ₹

Particulars	As at December 31,	
	2014	2013
Lease obligations payable		
Within one year of the Balance Sheet date	2,98,287	4,22,119
Due in a period between one year and five years	–	–
Due after five years	–	–

The operating lease arrangements are renewable on a periodic basis and for most of the leases extend up to a maximum of ten years from their respective dates of inception and relate to rented premises. Some of these lease agreements have price escalation clauses.

2.9 Trade receivables

in ₹

Particulars	As at December 31,	
	2014	2013
Other debts		
Unsecured		
Considered good [(1)]	5,10,50,388	2,65,39,042
Considered doubtful (Others)	–	–
	5,10,50,388	2,65,39,042
Less: Provision for doubtful debts (others)	–	–
	5,10,50,388	2,65,39,042
	5,10,50,388	2,65,39,042
[(1)] *Includes dues from holding company and fellow subsidiaries (Refer to Note 2.16)*	4,60,02,900	2,65,39,042

2.10 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2014	2013
Cash on hand	152	437
Balances with banks		
In current and deposit accounts	40,68,285	46,50,274
	40,68,437	46,50,711

The deposits maintained by the Company with banks and financial institutions comprise of time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
In current accounts		
Raiffeisen Bank S.A. (RON)	40,68,285	46,50,274
In current accounts	40,68,285	46,50,274

2.11 Short-term loans and advances

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured, considered good		
Others		
Prepaid expenses	9,94,615	24,50,154
Withholding and other taxes receivable	10,57,892	40,30,809
	20,52,507	64,80,963
Salary advances	9,62,842	7,54,370
Rental deposits	1,22,775	1,36,488
	31,38,124	73,71,821

2.12 Other income

in ₹

Particulars	Year ended December 31,	
	2014	2013
Miscellaneous income, net	82,82,189	21,996
Gains / (losses) on foreign currency, net	(2,78,786)	(3,17,877)
	80,03,403	(2,95,881)

2.13 Expenses

in ₹

Particulars	Year ended December 31,	
	2014	2013
Employee benefit expenses		
Salaries and bonus	12,94,18,081	9,62,90,232
Staff welfare	23,447	26,41,504
	12,94,41,528	9,89,31,736
Cost of technical sub-contractors		
Technical sub-contractors – subsidiaries	65,08,416	–
Technical sub-contractors – others	17,33,485	–
	82,41,901	–
Travel expenses		
Traveling and conveyance	4,63,53,421	2,60,25,431
	4,63,53,421	2,60,25,431
Communication expenses		
Telephone charges	11,91,273	–
	11,91,273	–
Other expenses		
Rent	18,02,222	18,67,537
Repairs to plant and machinery	7,225	–
Provision for post-sales client support and warranties	6,508	–
Auditor's remuneration		
Statutory audit fees	–	–
Bank charges and commission	5,26,944	3,54,892
Donations	3,882	–
Miscellaneous expenses	23,82,432	84,25,102
	47,29,213	1,06,47,531

2.14 Tax expense

in ₹

Particulars	Year ended December 31,	
	2014	2013
Current tax		
Income taxes	62,16,448	2,89,824
Deferred taxes	–	25,10,589
	62,16,448	28,00,413

2.15 Quantitative details

The Company is primarily engaged in the development and maintenance of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5 (viii)(c) of general instructions for preparation of the Statement of Profit and Loss as per Schedule III to the Companies Act, 2013.

2.16 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at December 31,	
		2014	2013
Lodestone Holding AG	Switzerland	100%	100%

Name of ultimate holding company	Country
Infosys Limited	India

Name of fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Mexico	Mexico
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Brasil	Brazil
Infosys Public Services, Inc.	U.S.
Infosys Consulting India Limited (1)	India
Infosys Americas (2)	U.S.
Infosys BPO s.r.o (3)	Czech Republic
Infosys BPO (Poland) Sp. z o.o. (3)	Poland
Infosys BPO S. de R.L. de. C.V. (3)(11)	Mexico
Infosys McCamish Systems LLC (3)	U.S.
Portland Group Pty. Ltd. (3)	Australia
Portland Procurement Services Pty. Ltd. (7)	Australia
Infosys Australia (4)	Australia
EdgeVerve Systems Limited (10)	India
Lodestone Management Consultants (Canada) Inc. (5)(9)	Canada
Lodestone Management Consultants Inc. (5)	U.S.
Lodestone Management Consultants Pty. Limited (5)	Australia
Lodestone Management Consultants AG (5)	Switzerland
Lodestone Augmentis AG (8)	Switzerland
Hafner Bauer & Ödman GmbH (5)	Switzerland
Lodestone Management Consultants (Belgium) S.A. (6)	Belgium
Lodestone Management Consultants GmbH (5)	Germany
Lodestone Management Consultants Pte Ltd. (5)	Singapore
Lodestone Management Consultants SAS (5)	France
Lodestone Management Consultants s.r.o. (5)	Czech Republic
Lodestone Management Consultants GmbH (5)	Austria
Lodestone Management Consultants China Co., Ltd. (5)	China
Lodestone Management Consultants Ltd. (5)	U.K.
Lodestone Management Consultants BV (5)	Netherlands
Lodestone Management Consultants Ltda. (6)	Brazil
Lodestone Management Consultants sp. z o.o. (5)	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA (5)	Portugal
Lodestone Management Consultants S.R.L. (5)	Argentina
Infosys Canada Public Services Ltd. (12)(13)	Canada

(1) *The Hon'ble High Court of Karnataka sanctioned the scheme of amalgamation of Infosys Consulting India Limited (ICIL) with Infosys Limited with an effective date of August 23, 2013 and an appointed date of January 12, 2012.*
(2) *Incorporated effective June 25, 2013*
(3) *Wholly-owned subsidiaries of Infosys BPO*
(4) *Under liquidation*
(5) *Wholly-owned subsidiaries of Lodestone Holding AG*
(6) *Majority-owned and controlled subsidiaries of Lodestone Holding AG*
(7) *Wholly-owned subsidiary of Portland Group Pty. Ltd.; liquidated effective May 14, 2014*
(8) *Wholly-owned subsidiary of Lodestone Management Consultants AG*
(9) *Liquidated effective December 31, 2013*
(10) *Incorporated effective February 14, 2014*
(11) *Incorporated effective February 14, 2014*
(12) *Incorporated effective December 19, 2014*
(13) *Wholly-owned subsidiary of Infosys Public Services, Inc.*

Related party transactions

The details of amounts due to or due from as at December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	As at December 31,	
	2014	2013
Unsecured loans		
Lodestone Holding AG	–	54,60,034
Trade receivables		
Lodestone Management Consultants AG	37,38,543	1,52,43,878
Lodestone Management Consultants GmbH, Germany	3,99,72,241	61,23,793
Lodestone Management Consultants SAS	20,32,891	30,68,995
Lodestone Management Consultants sp. z o.o.	–	3,09,567
Lodestone Management Consultants Ltd.	2,59,225	17,92,809
Trade payables		
Lodestone Management Consultants AG	–	17,528

The details of the related party transactions entered into by the Company for the year ended December 31, 2014 and December 31, 2013 are as follows:

in ₹

Particulars	Year ended December 31,	
	2014	2013
Capital transactions		
Revenue transactions		
Interest expense		
Lodestone Holding AG	67,163	–
Sale of services		
Lodestone Management Consultants (Belgium) S.A.	–	1,57,365
Lodestone Management Consultants AG	7,00,46,407	7,65,82,711
Lodestone Management Consultants GmbH	9,55,92,131	4,16,70,897
Lodestone Management Consultants SAS	84,81,713	30,52,462
Lodestone Management Consultants BV (3)	–	29,50,082
Lodestone Management Consultants sp. z o.o. (3)	–	2,088
Lodestone Management Consultants Ltd.	21,63,737	20,26,250
Lodestone Management Consultants Inc.	–	1,40,37,281
Total	17,62,83,988	14,04,79,137
Purchase of services		
Lodestone Management Consultants Ltd.	65,08,416	–
Lodestone Management Consultants sp. z o.o.	5,56,475	–
Total	70,64,891	–

2.18 Segment reporting

The Company is engaged in providing consultancy services in a single geography. Its operations are therefore considered to constitute a single segment in the context of Accounting Standard 17 - Segment Reporting.

2.19 Function-wise classification of Statement of Profit and Loss

in ₹

Particulars	Year ended December 31,	
	2014	2013
Income from consultancy services	22,96,76,767	14,04,79,139
Software development expenses	18,27,87,066	12,43,85,499
GROSS PROFIT	4,68,89,701	1,60,93,640
Selling and marketing expenses	60,36,791	3,32,986
General and administration expenses	34,72,684	1,19,99,331
	95,09,475	1,23,32,317
OPERATING PROFIT BEFORE INTEREST AND DEPRECIATION	3,73,80,226	37,61,323
Interest expense	67,163	2,43,337
Depreciation and amortization	11,39,997	7,09,830
OPERATING PROFIT	3,61,73,066	28,08,156
Other income	80,03,403	(2,95,881)
PROFIT BEFORE TAX	4,41,76,469	25,12,275
Tax expense		
Current tax	62,16,448	2,89,824
Deferred tax	–	25,10,588
PROFIT FOR THE PERIOD	3,79,60,021	(2,88,137)

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants

Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner

Peter Fischer
Director

Cristin Florescu
Director

Membership Number: 202841

Bengaluru
January 9, 2015

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Fax : 358 925 166 100

France

Paris
Tour Opus 12, 4th Floor,
77 Esplanade du Général de Gaulle,
92 914 Paris La Defense 9
Tel : 33 1 56 39 12 00
Fax : 33 1 56 39 12 01

Toulouse
7, Avenue Didier Daurat,
2nd Floor, Blagnac, 31702 Toulouse
Tel : 33 5 34 50 92 77
Fax : 33 5 34 50 91 90

Germany

Dusseldorf
xCite Project Offices, Am Seestern,
1, 40547, Dusseldorf, Germany
Tel : 49 0 211 27 405 0
Fax : 49 3212 1474 964

Frankfurt
Opernturm
Bockenheimer Landstrasse 2-4,
60306 Frankfurt am Main
Tel : 49 0 69 269566 100
Fax : 49 0 69 269566 200

Munich
Marcel- Breuer- Strasse 15, 80807,
Muenchen, Munich, Germany
Tel : 49 0 89 5908 0
Fax : 49 0 89 5908 1200

Stuttgart
Liebknechtstrasse 33,
D 70565 Stuttgart
Tel : 49 711 7811 570
Fax : 49 711 7811 571

Walldorf
Partner port, Altrottstr 31,
Walldorf - 69190 Germany
Tel : 49 6227 73 4350
Fax : 49 6227 73 4359

Ireland

Dublin
Regus Prembroke House,
30 Pembroke Street, Upper Dublin 2
Tel : 353 1 234 2550
Fax : 353 1 234 2400

Hungary

Budapest
Regus Bank Center,
Citibank Torony, 1054, Szabadsag ter 7,
Budapest 1054, Hungary
Tel : 36 1 474 81 00

Fax : 36 1 474 81 81

Italy

Milan
Infosys Limited Regus,
Via Torino 2, 20123, Milano, Italy
Tel : 39 02 7254 6456
Fax : 39 02 7254 6400

Norway

Oslo
Regus Business Center,
Ibsen AS, C. J. Hambrosplass 2C,
1st Floor, Oslo 0164
Tel : 47 22 99 60 00
Fax : 47 22 99 60 10

Russia

Moscow
4 / 430, 4, Lesnoy Pereulok,
Moscow 125047
Tel : 7 495 642 8710
Fax : 7 495 225 8500

Slovakia

Bratislava
Centre no. 725, Karadzicova 8 / A,
Bratislava 821-08, Slovakia
Tel : 421 0 2 5939 6000
Fax : 421 0 2 5939 6200

Spain

Madrid
CUZCO IV, Paseo de la Castellana 141-8,
28046, Madrid
Tel : 34 91 572 6584
Fax : 34 91 572 6606

Barcelona
Centre No. 535, Avenida Diagonal 640,
Planta 6, Barcelona 8017, Spain
Tel : 34 93 228 78 00
Fax : 34 93 228 78 99

Sweden

Stockholm
Regus Gardet, Tegeluddsvagen 76,
2nd Floor, 115 28 Stockholm, Sweden
Tel : 46 0 8 5050 24 00
Fax : 46 0 8 5050 24 01

Switzerland

Basel
Regus Basel City Centre,
Innere Margarethenstrasse 5, Basel 4051
Tel : 41 0 61 204 4545
Fax : 41 0 61 204 4500

Geneva
18, Avenue Louis-Casai, 1209 Geneva
Tel : 41 22 747 7894
Fax : 41 22 747 7900

Global presence – Infosys Limited *(contd.)*

Zurich
Prime Towers 201, Hardstrasse,
8005 Zurich
Tel: 41 44 277 6753
Fax: 41 44 277 6768

The Netherlands

Amsterdam
World Trade Center, H – Tower,
8th and 23rd Floors, Zuidplein 190,
1077 XV Amsterdam
Tel: 31 20 796 5500
Fax: 31 20 796 5501

Utrecht
Utrecht Business Park, Zen Building,
Newtonlaan 115, Utrecht, 3584 BH
Tel: 31 30 210 6000
Fax: 31 30 210 6666

United Kingdom

London
14th and 15th Floors, 10 Upper Bank
Street, Canary Wharf, London E 14 5NP
Tel: 44 20 7715 3300
Fax: 44 20 7715 3301

Swindon
Windmill Hill Business Park,
Whitehill Way, Swindon,
Wiltshire, SN5 6QR
Tel: 44 179 344 1453
Fax: 44 207 715 3301

Austria

Vienna
Regus Vienna Parking,
Parking 10,
Liebenberggasse 7, 1010
Vienna, Austria
Tel: 43 1 516 330
Fax: 43 1 516 333 000

India

Ahmedabad
Regus Business Centre,
101-104, GCP Business Centre,
Opposite Memnagar Fire Station,
Vijay Cross Road, Memnagar,
Ahmedabad, Gujarat 380014
Tel: 91 79 6134 4960
Fax: 91 79 6134 4949

Bengaluru
45 and 46, Electronics City, Hosur Road,
Bengaluru 560 100
Tel: 91 80 2852 0261
Fax: 91 80 2852 0362

Infosys – Center Point
Offshore Development Center,
Plot No. 26A, Electronics City,
Hosur Road, Bengaluru 560 100
Tel: 91 80 2852 0261
Fax: 91 80 2852 0362

Equinox
Plot No. 47, Sy.No. 10, Electronics City,
Hosur Road, Bengaluru – 560 100
Tel: 91 80 2852 0261
Fax: 91 80 2852 0362

Salarpuria Infozone
3rd and 4th Floors, Wing A,
No. 39 (P), No. 41 (P) and No. 42 (P),
Electronics City, Hosur Road,
Bengaluru 560 100
Tel: 91 80 2852 0261
Fax: 91 80 2852 0362

Manipal Center
N 403. 405, North Block,
Manipal Center, Dickenson Road,
Bengaluru 560 042
Tel: 91 80 2559 2088
Fax: 9180 2559 2087

JP IT Park
Plot No. 25 and 23,
Konappana Agrahara Village,
Begur Hobli, Electronics City,
Bengaluru 560 100
Tel: 91 80 2852 0261
Fax: 91 80 2852 0362

M&C Building
Plot no. 52 and 53, Doddathogur Village,
Begur Hobli, Electronics City,
Hosur Road, Bengaluru 560 100
Tel: 91 80 2852 0261
Fax: 91 80 2852 0362

Mohan Chambers
Infosys Limited Towers – 4,
31, Sarakki Industrial Area,
No. 27, SJR Towers, 3rd Phase,
J. P. Nagar, Bengaluru 560 076
Tel: 91 80 2852 0261
Fax: 91 80 2852 0362

Bhubaneswar
Plot No. E / 4, Info City,
Bhubaneswar 751 024
Tel: 91 674 232 0032
Fax: 91 674 232 0100

SEZ, Plot No-PB-1,
NE-1 and NP-1,Info Valley,
IDCO IT/ITES SEZ,
Village Gaudakashipur & Arisal,
District Khurda, Bhubaneswar 752054
Tel: 91 674 232 0032
Fax: 91 674 232 0100

Chandigarh
Block A and B, Ground Floor,
DLF Building, Plot No. 2,
Rajiv Gandhi Chandigarh Technology
Park, Chandigarh 160 101
Tel: 91 172 502 1100
Fax: 91 172 504 6222

Plot No. 1
Rajiv Gandhi Chandigarh
Technology Park,
Chandigarh 160 101
Tel: 91 172 503 8000
Fax: 91 172 504 6860

Chennai
138, Old Mahabalipuram Road,
Sholinganallur,
Chennai 600 119
Tel: 91 44 2450 9530
Fax: 91 44 2450 0390

Mahindra Industrial Park
TP 1/1, Central Avenue, Techno Park SEZ,
Mahindra World City, Natham Sub Post,
Chengelpet, Kancheepuram District,
Chennai 603 002
Tel: 91 44 4741 1111
Fax: 91 44 4741 5151

Gurgaon
Infosys Limited, 7th Floor, Tower-B,
Unitech Cyber Park, Sector 39,
Gurgaon 122 001
Tel: 91 124 392 2000
Fax: 91 124 400 4356

Hyderabad
Survey No. 210, Manikonda Village,
Lingampally, Rangareddy (Dist.),
Hyderabad 500 032
Tel: 91 40 6642 0000
Fax: 91 40 2300 5223

SEZ Survey No. 41(pt), 50(pt)
Pocharam Village,
Singapore Township PO,
Ghatkesar Mandal, Rangareddy District,
Hyderabad 500 088
Tel: 91 40 4060 0000
Fax: 91 40 6634 1356

Jaipur
3rd and 4th Floors, Building, No. 1,
Plot No. IT-A-001-A1,
Mahindra World City (SEZ),
Village Kalwara, Tehsil Sanganer,
Ajmer Road District, Jaipur
Tel: 91 141 395 6000
Fax: 91 141 395 6100

Mangaluru
Kuloor Ferry Road,
Kottara, Mangaluru 575 006
Tel: 91 824 245 1485
Fax: 91 824 245 1504

IT and ITeS SEZ
Kamblapadavu, Kurnad Post,
Pajeeru Village, Bantwal Taluk 574 153
Dakshina Kannada (Dist.)
Tel: 91 824 223 4701
Fax: 91 824 228 4491

Mumbai
85, C, Mittal Towers, 8th Floor,
Nariman Point, Mumbai 400 021
Tel: 91 22 2284 6490
Fax: 91 22 2284 6489

Mysuru
Plot No. 350-354, 368-372
and 376-385,
KIADB Industrial Area,
Hebbal Hootagalli,
Mysuru 570 027
Tel: 91 821 240 4101
Fax: 91 821 240 4200

Plot No. 347/A, 347/C, 348,
349, 373 to 375
KIADB Industrial Area,
Hebbal Hootagalli,
Mysuru 570 027
Tel: 91 821 240 4101
Fax: 91 821 240 4200

Pune
Plot No. 1, Rajiv Gandhi Infotech Park,
Hinjawadi, Taluka Mulshi,
Pune 411 057
Tel: 91 20 2293 2800
Fax: 91 20 2293 2832

Plot No. 24/2,
Rajiv Gandhi Infotech Park,
Phase II, Village Maan, Taluka Mulshi,
Pune 411 057
Tel: 91 20 398 2700
Fax: 91 20 398 2800

Thiruvananthapuram
3rd Floor, Bhavani Technopark,
Thiruvananthapuram 695 581
Tel: 91 471 398 2222
Fax: 91 471 270 0889

Plot No. 1, Technopark Campus II,
Attipara Village,
Thiruvananthapuram 695 583
Tel: 91 471 307 2500
Fax: 91 471 270 0889

North America

Canada

Calgary
Suncor Energy Centre, Suite 5100,
150-6th Avenue, S.W. Calgary,
AB T2P 3Y7
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Fax: 1 403 265 8875

Montreal
1000 de la Gauchetiere Street West,
Suite 2400, Montreal QC,
Canada H3B 4W5
Tel: 1 514 448 2157, 1 514 448 7471
Fax: 1 514 448 5101

Toronto
5140 Yonge Street, Suite 1400 Toronto,
Ontario, M2N 6L7
Tel: 1 416 224 7400
Fax: 1 416 224 7449

United States

Atlanta
3200 Windy Hill Road SE, Suite 100-W,
Atlanta, GA 30339
Tel: 770 799 1860
Fax: 770 799 1861

Bellevue
3326 160th Avenue SE,
Suite 300, Bellevue WA 98008
Tel: 1 425 256 6200
Fax: 1 425 256 6201

Bentonville
2700 SE 'S' Street, Suite 200,
Bentonville, AR 72712
Tel: 1 479 271 4600
Fax: 1 479 271 4601

Basking Ridge
106 Allen Road, Suite 101,
Liberty Corner, NJ 07920
Tel: 1 908 860 4900
Fax: 1 908 860 4899

Charlotte
401 North Tyron Street,
10th Floor, NC, Transamerica Square,
Charlotte NC 28202
Tel: 1 704 998 5300
Fax: 1 704 998 5301

Global presence – Infosys Limited *(contd.)*

El Segundo
222, North Sepulveda Boulevard,
Office No. 11, El Segundo, CA 90245
Tel : 1 310 364 5200
Fax : 1 310 242 8400

Glastonbury
95 Glastonbury Boulevard,
Somerset Square, Glastonbury, CT 06033
Tel : 1 860 494 4139
Fax : 1 860 494 4140

Houston
6002 Rogerdale Road,
Suite 550, One Oak Park,
Houston, TX 77072
Tel : 1 281 454 0300
Fax : 1 281 454 0301

Irvine
Office No. 245, Irvine Center Drive,
7545, Irvine Business Center,
Irvine, CA 92618
Tel : 1 949 623 8300
Fax : 1 949 623 8305

Lisle
2300 Cabot Drive,
Suite 250, Lisle IL 60532
Tel : 1 630 482 5000
Fax : 1 630 505 9144

Milwaukee
10850 West Park Plaza,
Suite 800, Milwaukee, WI 53224
Tel : 1 414 353 4888
Fax : 1 414 353 3101

Minneapolis
80 South, 8th Street, Suite 900,
Minneapolis, MN 55402
Tel : 1 612 349 5258
Fax : 1 510 248 2022

Newark
7707 Gateway Blvd.,
Suite 110, Newark, CA 94560
Tel : 1 510 742 3000
Fax : 1 510 742 3090

New York
630 Fifth Avenue, Suite 1600,
Rockefeller Center, New York, NY 10111
Tel : 1 646 254 3100
Fax : 1 646 254 3101

Palo Alto
Foothill Research Center,
4009 Miranda Avenue, Suite 100,
Palo Alto, California CA 94304
Tel : 1 650 856 7638
Fax : 1 650 856 0100

Phoenix
10835 N 25th Avenue,
Suite 200, Phoenix, AZ 85029
Tel : 1 480 655 3598
Fax : 1 480 655 3501

Plano
6100, Tennyson Parkway,
Suite 200, Plano, TX 75024
Tel : 1 469 229 9400
Fax : 1 469 518 3858

Quincy
Two Adams Place, 19-23, Granite Street,
Braintree, Quincy, MA 02169
Tel : 1 781 356 3100
Fax : 1 781 356 3150

Southfield
3000 Town Center, Suite 2850,
Southfield, MI 48075
Tel : 1 248 603 4300
Fax : 1 248 208 3315

South Africa

Johannesburg
West Towers, 2nd Floor, Maude Street,
Sandton, Johannesburg, 2195,
South Africa
Tel : 27 0 11 881 5600
Fax : 27 0 11 881 5611

Global presence – Subsidiaries of Infosys Limited

EdgeVerve Systems Limited

India

Bengaluru
Equinox, Plot No. 47,
Sy. No. 10, Electronics City,
Hosur Road, Bengaluru – 560 100.
Tel : 91 80 3952 2222
Fax : 91 80 2852 1300

Pune
3rd Floor, Building 15, Plot 1,
Rajiv Gandhi Infotech Park,
Phase II, Village Maan,
Taluka Mulshi, Pune 411 057
Tel : 91 20 398 2700
Fax : 91 20 398 2800

Infosys Americas Inc.

United States

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6100, Tennyson Parkway,
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Fax : 1 469 229 9598

Infosys BPO Limited

Australia

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Melbourne VIC 8007
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Fax : 61 3 9860 2999

Canada

Toronto
5140, Yonge Street,
Suite 1400, Toronto ON M2N 6L7
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Fax : 416 224 7449

Costa Rica

San Jose
Building N & M, Piso 2, Forum 2,
Lindora, Santa Ana, San Jose 10901,
Costa Rica
Tel : 506 2205 1201
Fax : 506 2205 1299

India

Bengaluru
Electronics City, Hosur Road,
Bengaluru 560 100
Tel : 91 80 2852 2405
Fax : 91 80 2852 2411

Salarpuria Infozone
Wing A, No. 39 (P) 41 (P) and 42 (P),
Electronics City, Hosur Road,
Bengaluru 560100
Tel : 91 80 4067 0035
Fax : 91 80 4067 0034

27, SJR Towers,
Bannerghatta Road,
J. P. Nagar, III Phase,
Bengaluru 560 078
Tel : 91 80 5103 2000
Fax : 91 80 2658 8676

Chennai
Unit of Ramanujam IT city SEZ,
Hardy Towers, 3rd and 4th Floors,
TRIL Infopark Ltd, Taramani,
Rajiv Gandhi Salai (OMR),
Chennai 600113
Tel : 91 44 6685 5111
Fax : 91 44 6685 5107

3rd and 8th Floors, A Block,
South Wing, Tidel Park Ltd
No. 4, Rajiv Gandhi Salai (OMR)
Taramani, Chennai 600113
Tel : 91 44 3090 7001
Fax : 91 44 3090 7005

Gurgaon
7th Floor, Tower A, B and C,
Building No. 6, DLF Cyber City
Developer Limited,
Special Economic Zone,
Sector 24 and 25 DLF PH-3, Gurgaon
Tel : 91 124 4583 700
Fax : 91 124 4583 701

Jaipur
IT-A-001
Mahindra World City,
Special Economic Zone, Village Kalwara,
Tahsil Sanganer, Jaipur 302 029
Tel : 91 141 3956 000
Fax : 91 141 3956 100

Pune
Plot No. 24 / 3,
Rajiv Gandhi Infotech Park,
Phase II, Village Maan,
Taluka Mulshi, Pune 411 057
Tel : 91 20 4023 2001
Fax : 91 20 3981 5352

Plot No. 24/2,
Rajiv Gandhi Infotech Park,
Phase II, Village Maan,
Taluka Mulshi, Pune 411 057
Tel : 91 20 2293 2800
Fax : 91 20 2293 4540

Plot No. 1, Building No. 4
Pune Infotech Park,
Hinjawadi, Taluka Mulshi,
Pune 411 057
Tel : 91 20 2293 2900
Fax : 91 20 2293 4540

Philippines

Metro Manila
2nd and 3rd Floors,
Trade Hall Metro Market,
Bonifacio Global City,
Fort Bonifacio, Taguig City,
Metro Manila, Philippines 1634
Tel : 632 729 1111
Fax : 632 729 1111

Muntinlupa City
5th, 6th, 7th and 12th Floors, Site 3,
Vector 2 Building, Northgate Cyberzone,
Filinvest Corporate City, Alabang,
Muntinlupa City, Philippines 1781
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Fax : 632 823 0000

Puerto Rico

Aguadilla
Road No. 2, West of KM 126,
BO Camital Bajo, Aquadilla,
Puerto Rico 00603

The Netherlands

Eindhoven
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United Kingdom

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Fax : 1 770 799 1861

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Milwaukee, WI 53212
Tel : 414 914 9400
Fax : 414 914 9401

Global presence – Subsidiaries of Infosys Limited *(contd.)*

Infosys Nova Holdings LLC

United States

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2711 Centerville Road,
Suite 400, Wilmington,
New Castle County,
Delaware 19808

Infosys Tecnologia do Brasil Ltda

Brazil

Araraquara
207 – Avenida Rodrigo Fernando Grillo,
Edif: Victoria Business, Andar: 1,
Araraquara, SP – 14.801-534
Tel: 55 16 3508 5300

Nova Lima
220 R Da Paisagem, Edificio Lumiere,
Andares: 5 E 6, Vila Da Serra,
Nova Lima, Minas Gerais, 4.000-000,
Tel: 55 31 3306 8900
Fax: 55 31 3306 8901

São Paulo
Rua Quintana 887,
8o. Andar, CEP 04569-011,
Sao Paulo, Brazil
Tel: 55 11 3198 4400
Fax: 55 11 5102 3776

Infosys Technologies (Australia) Pty. Limited

Melbourne
Level 4 and 5, 818 Bourke Street,
Docklands VIC 3008, P.O. Box 528
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Fax: 61 3 9860 2999

Infosys Public Services, Inc.

United States

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Kingfarm Boulevard, Rockville, MD 20850
Tel: 1 301 354 8600
Fax: 1 301 353 8601

Infosys Technologies (China) Co. Limited

Beijing
Unit 1501, Central Tower,
China Overseas Plaza,
No. 8 GuanghuaDongli,
Jianguomenwai Avenue,
Chaoyang District, Beijing, China
Tel: 8610 5733 5000
Fax: 8610 5733 5001

Dalian
10/F, Ascendas Software Park Phase 2,
No. 7, Hui Xian Yuan,
Dalian Hi-tech Industrial Zone,
Dalian 116025, China
Tel: 86 411 3998 1000
Fax: 86 411 3998 1005

Hangzhou
Bldg. A2, Binjiang Intelligence Port,
No. 301 Binxing Road,
Binjiang District, Hangzhou 310052
Tel: 86 571 8793 0011
Fax: 86 571 8793 0001

Nanjing
Room 1807,
No. 281, North Zhongshan Road,
Nanjing, China

Qingdao
Room B3, B4, 20th Floor, Building B,
No. 1, Keyuanweiyi Lu,
Laoshan District, Qingdao
Tel: 86 21 5884 4110

Shanghai
Bldg A, No. 6, Lane 3158,
Long Dong Avenue,
Zhangjiang Hi-Tech Park,
Shanghai 201203
Tel: 86 21 5884 3000
Fax: 86 21 5884 3001

Infosys Technologies (Shanghai) Company Limited

Shanghai
Room 304, Building 1, Xintianxia,
Industrial City, Longping Road,
Bantian Street, Longgang District,
Shenzhen
Tel: 86 21 5884 4811

Infosys Technologies (Sweden) AB

Sweden

Östersund
Regus Ostersund,
Hamngatan 14, 831 34,
Ostersund, Sweden
Tel: 46 8 5050 2400
Fax: 46 8 5050 2401

Linköping
Regus Linkoping,
Teknikringen, 8, 583 30,
Linkoping, Mjardevi, Sweden
Tel: 46 8 5050 2400
Fax: 46 8 5050 2401

Infosys Technologies S. de R. L. de C. V.

Mexico

Monterrey
Corporativo Santa Maria,
No. 130 Boulevard Díaz Ordaz,
16th Floor, Col. Santa Maria,
Monterrey, Nuevo León,
Mexico CP 64650
Tel: 521 81 8850 9300
Fax: 521 81 8850 9301

Mexico City
Citi Center Building, Avenida,
Insurgentes Sur No. 1602, 12th Floor,
Colonia Crédito Constructor Mexico,
Distrito Federal, Mexico CP 03940
Tel: 52 55 1719 3100
Fax: 52 55 1719 3101

Lodestone Holding AG

Switzerland

Zurich
Obstgartenstrasse 27, Kloten,
Postfach 201, 8058 Zurich, Switzerland
Tel: 41 44 434 11 00
Fax: 41 44 434 11 01

Panaya Inc.

United States

New Jersey
Continental Plaza,
411 Hackensack, Ave., 8th Floor,
Hackensack, NJ 07601
Tel: 1 201 212 6732

Subsidiaries of Infosys BPO Limited

Infosys BPO s.r.o

Czech Republic

Brno
Holandska 9, 63900, Brno
Tel: 420 542 212406
Fax: 420 543 236349

Infosys BPO (Poland) Sp. z o.o.

Poland

Łódź
Pomorska 106A, 91 402 Lodz
Tel: 48 42 278 15 00
Fax: 48 42 278 15 01

Infosys BPO S. de R.L. de C.V.

Mexico

Monterrey
16, Santa Maria Monterrey,
Monterrey Nuevo Leon 64650, Mexico

Infosys McCamish Systems LLC

United States

Atlanta
6425 Powers Ferry Road,
3rd Floor, Atlanta, GA 30339
Tel: 1 770 690 1500
Fax: 1 770 690 1800

Des Moines
500 SW 7th St. Suite 200,
Des Moines, IA 50309
Tel: 1 515 365 1236
Fax: 1 515 365 0236

Portland Group Pty. Limited

Australia

Brisbane
L18, Brisbane Club Tower,
241 Adelaide Street,
Brisbane, QLD 4000, Australia
Tel: 61 7 3009 8100
Fax: 61 7 3009 8123

Melbourne
Suite 602, 10 Yarra Street,
South Yarra, VIC 3141, Australia
Tel: 61 3 8825 3899
Fax: 61 3 8825 3898

Perth
Level 1, 99 St. Georges Terrace,
Perth, WA 6000, Australia
Tel: 61 8 9254 9313
Fax: 61 8 9254 9388

Sydney
Level 8, 68 Pitt Street,
Sydney NSW 2000, Australia
Tel: 61 2 9210 4399
Fax: 61 2 9210 4398

Global presence – Subsidiaries of Infosys Limited *(contd.)*

Subsidiaries of Lodestone Holding AG

Lodestone Management Consultants GmbH

Austria

Vienna
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1160 Vienna, Austria

Lodestone Management Consultants AG

Australia

Canberra
Level 3, 10 Hobart Place,
Canberra ACT 2601

Hong Kong

01-03, 66 / F, The Centre,
99 Queen's Road Central, Hong Kong
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Fax : 852 3965 3222

Switzerland

Zurich
Obstgartenstrasse 27, Kloten,
Postfach 201, 8058 Zurich, Switzerland
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Fax : 41 44 434 11 01

Basel
Innere Margarethenstrasse 5,
5th Floor, 4051 Basel, Switzerland
Tel : 41 61 204 45 45
Fax : 41 61 204 45 00

Sweden

Stureplan 4C, 4TR 114 35,
Stockholm, Sweden
Tel : 48 6 5050 2400
Fax : 852 3965 3222

Lodestone Management Consultants SAS

France

Paris
155, Boulevard Haussmann,
75008 Paris, France

Lodestone Management Consultants GmbH

Germany

Garching
Parkring 2, 85748 Garching b.,
München, Germany
Tel : 49 89 30 76 67 60
Fax : 49 89 30 76 67 6 99

Lodestone Management Consultants Pty. Limited

Australia

Melbourne
Level 12, 459 Little Collins Street,
Melbourne, VIC 3000, Australia
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Sydney
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P.O. Pox 1885,
North Sydney, NSW 2060, Australia
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Fax : 61 2 8912 1555

Lodestone Management Consultants BV

The Netherlands

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23rd Floor, Zuidplein 190, 1077 XV,
Amsterdam,
The Netherlands
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Fax : 31 20 796 5501

Lodestone Management Consultants sp. z o. o.

Poland

Wrocław
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Wroclaw, Poland
Tel : 48 71 798 57 10
Fax : 48 71 798 57 11

Lodestone Management Consultants Portugal Unipessoal, LDA

Portugal

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Portugal

Hafner Bauer & Ödman GmbH

Switzerland

Zurich
Obstgartenstrasse 27, Kloten,
Postfach 201,
8058 Zurich, Switzerland
Tel : 41 44 434 11 00
Fax : 41 44 434 11 01

Lodestone Management Consultants (Belgium) S. A.

Belgium

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Notes

Safe Harbor

This Annual Report contains 'forward-looking statements', that are based on our current expectations, assumptions, estimates and projections about the Company, our industry, economic conditions in the markets in which we operate, and certain other matters. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'will', 'project', 'seek', 'should' and similar expressions. Those statements include, among other things, the discussions of our business strategy and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources. These statements are subject to known and unknown risks, uncertainties and other factors, which may cause actual results or outcomes to differ materially from those implied by the forward-looking statements. Important factors that may cause actual results or outcomes to differ from those implied by the forward-looking statements include, but are not limited to, those discussed in the 'Outlook, risks and concerns' section in this Annual Report. In light of these and other uncertainties, you should not conclude that the results or outcomes referred to in any of the forward-looking statements will be achieved. All forward-looking statements included in this Annual Report are based on information available to us on the date hereof, and we do not undertake to update these forward-looking statements to reflect future events or circumstances unless required to do so by law.

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